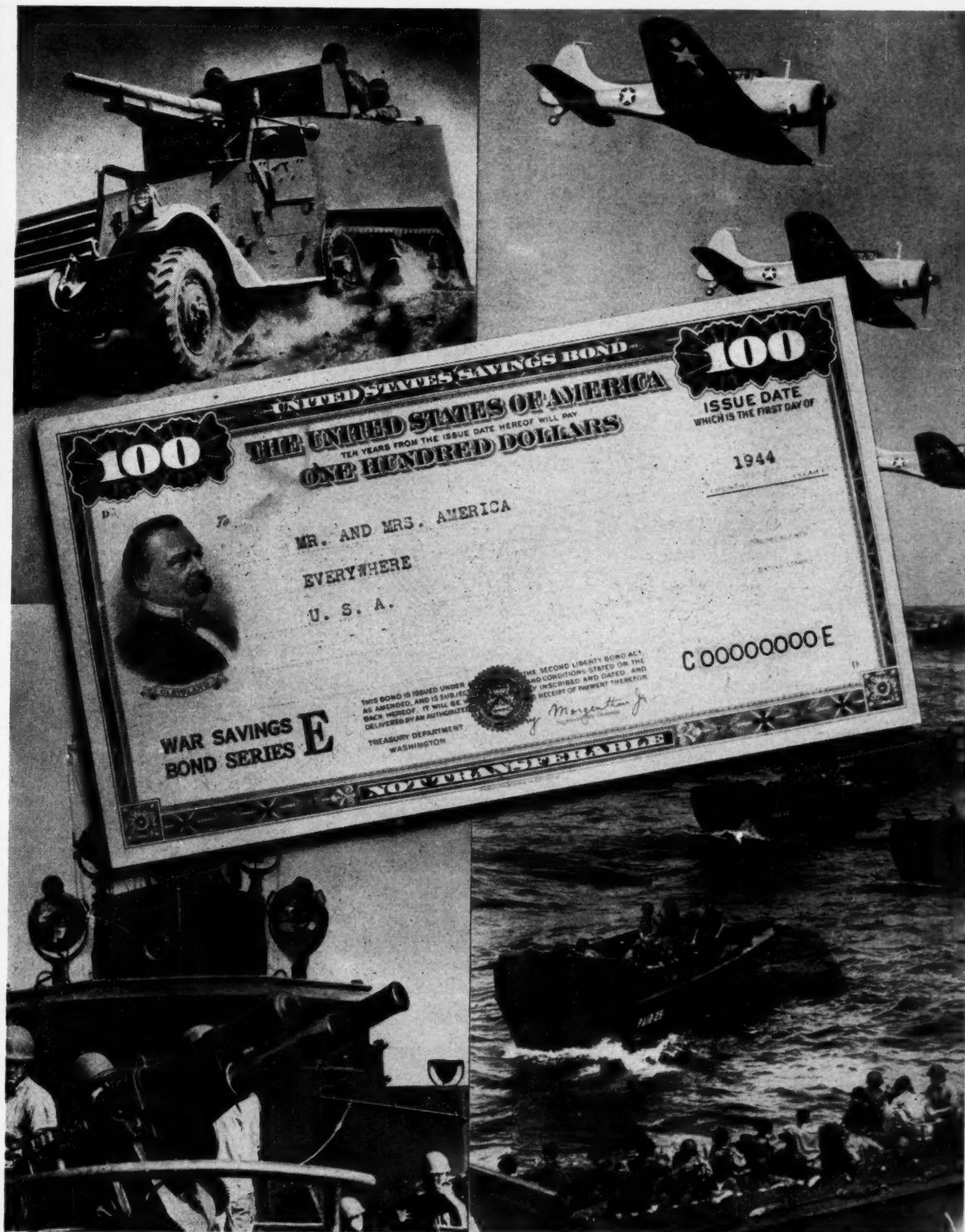


# The NATIONAL UNDERWRITER

*Life Insurance Edition*

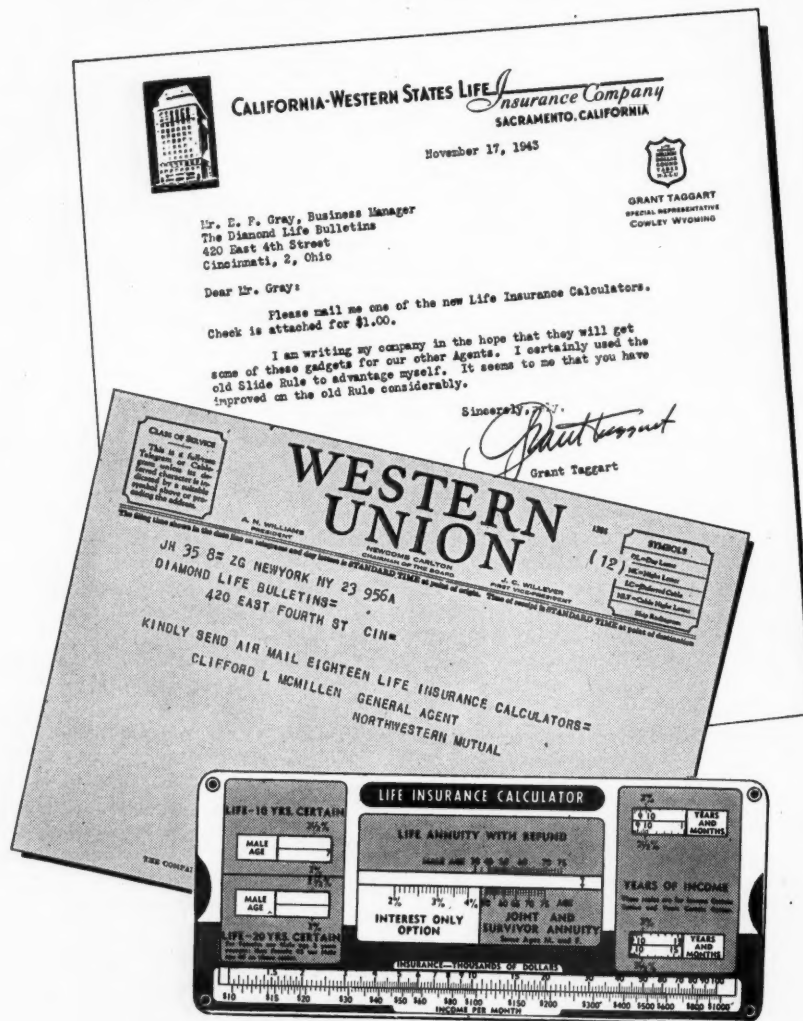


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**FRIDAY, JUNE 30, 1944**

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**THE DIAMOND LIFE BULLETINS**  
420 EAST FOURTH STREET  
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## Seek to Get Ready for Preferred Stock Financing

### A.L.C. and Life Presidents Committees Prepare for Post War Development

NEW YORK—Financing through preferred stock rather than bond issues for much of the postwar expansion of business appears to be gaining favor and to be ready for this development committees of the Life Presidents Association and the American Life Convention are endeavoring to work out a formula which will do for high class preferred stocks what amortization does for bonds. The problem is to provide some basis for preferred stock values which will modify the wide swings in value that there might be if market values are used exclusively.

One difficulty is that if standards are based on desirable features such as being cumulative as to dividends, voting power if dividends are not paid, or preferred position in case of liquidation, some of the older and very desirable issues lack such features. Then there is the problem of relating earnings to preferred stock dividends. A good oil company may earn 20 times its preferred dividend. On the other hand a more stabilized type of industry, such as chemicals, may earn only twice its preferred dividend and still be a good investment.

In addition to all this there is the necessity of devising a basis that will not only give an accurate, long-term index of the stock's value but will also be understandable to the policyholder who reads the company's financial statement advertisement. A basis that would be highly accurate as an index of value might have to be so complicated as to make the layman wonder why the companies didn't use market values and be done with it.

The problem has no easy answer, for if there is a pronounced swing to preferred stock financing the life companies may find it difficult to put their money out in bond issues. At the same time they like an investment portfolio that is not subject to wide swings in value and not even preferred stocks can be sure of maintaining the same values from year to year.

## Travelers in Juvenile Field

Travelers is bringing out July 1 a line of juvenile policies. Heretofore it has not written below age 10.

What is believed to be a juvenile innovation is term to age 21. The premium is \$8 per thousand at all ages. The other policies in the juvenile line are a premium to age 30 contract and an endowment at 21. The term is convertible at any time prior to age 18.

The business will be written on a non-medical basis, with a maximum of \$2,000 at age 0-5, and \$5,000, 5-9.

### Three Millionaires

Third agent of Southwestern Life to qualify for the Million Dollar Round Table in the past 18 months is Morton Bigger of Dallas. The other two are L. A. Prowse, Corpus Christi, and Charles E. Seay, Dallas, who is now in the army air corps.

## 5-1 Triumph for States Rights Bill in House

### Overwhelming Victory Is Scored as All Amendments Are Shouted Down

WASHINGTON—The U. S. Supreme Court has ordered that Southeastern Underwriters Association be allowed until Sept. 1 to file application for rehearing on the government's appeal from the decision of the federal district court in Georgia in favor of S.E.U.A. Meanwhile, the Supreme Court's mandate to the lower court is stayed.

If petition for rehearing is filed by that date, as it is expected to be, in view of conversations between insurance counsel and the Department of Justice, court officials stated the mandate would be still further stayed until the court rehears the case and passes upon it anew. Normally, rehearing would not occur until after court sessions resume in October.

It was learned that a similar request, for rehearing and stay of mandate was made in the Polish National Alliance case. That request, however, was denied.

It is understood the applications were made to an individual member of the Supreme Court since its summer recess began, but officials said they did not know which one.

Ordinarily, the Supreme Court allows only 25 days from the date its opinion is handed down in a given case within which to petition for rehearing.

WASHINGTON—The closing days and hours of the congressional session preceding its recess until Aug. 1 were marked by these developments with respect to the state rights legislation bill and the administration program concerning insurance:

1. The House passed H.R. 3270, the Walter bill, by a rousing vote of 283 to 54, after defeating all other motions and amendments, except striking out of the preamble.

2. Friends of the companion Bailey-Van Nuys bill secured special meetings of the Senate judiciary committee and its insurance subcommittee on Thursday and Friday at which consideration was given to the bill and the administration program.

3. Attorney General Biddle, called before the subcommittee Friday, said the government will institute no further prosecutions against insurance interests pending opportunity for Congress to act on legislation, but the Southeastern Underwriters is a "special case," he added.

4. His assurance was construed in some quarters as indicating the S.E.U.A. case would be held up, but a department spokesman said it was going ahead with that case "so far as he knew."

5. The Senate subcommittee decided to hold further hearings on insurance after the recess. Senator Hatch, New Mexico, acting chairman in the absence of Senator McCarran in Nevada, said life insurance people would be heard. It is learned that Senator O'Mahoney, Wyoming, had received telegrams from certain life executives asking to be heard. The C.I.O. has made similar request.

6. Senate committee had been prodded into meeting by a motion or request of Senator Ferguson, Michigan, that the subcommittee be discharged from further consideration of the

(CONTINUED ON PAGE 17)

### Biddle and O'Mahoney Block Favorable Action in Senate

WASHINGTON—That Attorney General Biddle and Senator O'Mahoney of Wyoming saved the day for the administration and prevented favorable Senate action on the Bailey-Van Nuys bill is the opinion expressed here in the light of developments late last week. Mr. Biddle, it is believed, very largely cut the ground from under supporters of the bill, temporarily, by his assurances to the Senate judiciary committee that the Department of Justice would institute no new insurance prosecutions until opportunity is given for congressional consideration.

Senator Hatch, New Mexico, acting chairman of the insurance subcommittee, told the Senate, last Friday, in so many words, that "the bill would have been reported by the Senate committee on the judiciary, and, in my opinion, it would have been passed by the Senate as it was passed by the other House yesterday, had it not been for the almost single-handed efforts of the Senator from Wyoming."

Hatch, O'Mahoney and Senator Ferguson, Michigan, told the Senate, neither they, nor their committee, favored federal bureau control of insurance.

On Thursday it appeared the stage was set for favorable judiciary committee action when that body met for consideration of the bill, although the special subcommittee on that measure had not acted upon it. Vote proxies were on hand sufficient to discharge the subcommittee and vote the bill out to the Senate, it is understood. Because O'Mahoney was engaged on consideration of an appropriation bill, he left word with the full committee, which decided not to discharge the subcommittee but to have the latter meet instead.

### O'Mahoney States Position

At the subcommittee meeting Friday morning O'Mahoney announced he would not support a bill to do away with state regulation. He also read from the TNEC report which, he said, contained no recommendation for federal supervision, and quoted from statements made by Sumner T. Pike of the SEC presenting to TNEC recommendations and suggestions concerning insurance. That afternoon, the judiciary subcommittee heard Biddle's repeated disavowals and pledges concerning no prosecution of insurance interests, pending further inquiry, except S.E.U.A., which he described as a "special case."

"With all the talk that is going on," said Hatch, committee members thought "that perhaps the Department of Justice should not now institute a lot of prosecutions... That is the thing Senator Ferguson wants to know."

Being reminded of his statement to the press after the Supreme Court decision, which was published in THE NATIONAL UNDERWRITER, Biddle offered a copy of it, which was incorporated in the committee record.

Biddle's comment that followed and his answers to committee members' questions appeared to parallel fairly closely the previous outline of the department's attitude and policy.

"The Department of Justice," said Biddle, "does not propose to make any campaign against insurance companies at this time. In fact, I can assure this subcommittee I have not been asked, nor

(CONTINUED ON PAGE 19)

## G.O.P. Adopts Unequivocal Insurance Plank

### Allyn and Danaher Get Credit for Fashioning Statement

A short and unequivocal insurance plank is contained in the platform of the Republican Party that was adopted at the Chicago convention Tuesday. It reads:

"For the protection of the public, and for the security of millions of holders of policies of insurance in mutual and private companies, we insist upon strict and exclusive regulation and supervision of the business of insurance by the several states where local conditions are best known and where local needs can best be met."

That there would be an insurance plank in the Republican platform was taken for granted in view of the fact that such a plank was inserted in the 1940 platform and in view of the fact that the S.E.U.A. case decision has put insurance in the national limelight politically. Those consulting on the matter advocated just such a crisp statement as was adopted.

### Allyn and Danaher Get Credit

Col. Ellery Allyn, Connecticut insurance commissioner, was the liaison man between the resolutions committee and those who were particularly interested in the insurance plank. He served as adviser to Senator Danaher of Connecticut, member of the resolutions committee, who took an especial interest in the insurance plank.

A number of insurance commissioners attended the Republican convention this week including Johnson of Minnesota, the new president; Scheufler of Missouri, chairman of executive committees; Dineen of New York, member of executive committee; Crabbe of Ohio, Garrison of California, Parkinson of Illinois. Mr. Scheufler was accompanied by Preston Eastep, counsel for the Missouri department.

Ray Murphy, general counsel of the Association of Casualty & Surety Executives, was in Chicago at the start of the convention.

Other planks in the platform attracting insurance interest were the pledge to support "extension of the existing old age insurance and unemployment insurance systems to all employees not already covered," and a continuation of programs "relating to health and the stimulation by federal aid of state plans to make medical and hospital service available to those in need without disturbing doctor-patient relationships or socializing medicine."

Both of these planks correspond very closely to the sound opinion in these areas in the insurance business. There has been no quarrel and indeed many insurance leaders have advocated very strongly that the present system of social security benefits be made available to that segment of the population that is not now covered.

In the Ohio group supporting Bricker were several insurance men including John A. Lloyd, vice-president Union Central Life; W. C. Safford, vice-president Western & Southern Life; Claris Adams, president of Ohio State Life,

(CONTINUED ON PAGE 8)

## Manuel Camps N. Y. Group's Choice for N.A.L.U. Trustee

NEW YORK—The New York City Life Underwriters Association has unanimously endorsed Manuel Camps, Jr., general agent of John Hancock Mutual in New York City, for trustee of the National Association of Life Underwriters. Mr. Camps is the New York association's national committeeman. Besides the New York association, Mr. Camps has been active in life underwriters association work in Utica, N. Y., Providence, Atlanta and Boston. He was president of the Boston association and of the Boston Managers & General Agents Association. He has been a speaker at three National association conventions and a speaker at 62 life underwriters association meetings and sales congresses in the United States and Canada.

### E. W. BAKER ENDORSED

E. W. Baker, manager of John Hancock Mutual at Louisville and a leader in organization affairs, is being endorsed by the Kentucky state association and the local associations in Louisville, Paducah, and Ashland for election as N.A.L.U. trustee to fill the vacancy caused by the election of C. W. Wyatt as a second vice-president of John Hancock. Mr. Baker has permitted this endorsement to be made with the emphatic understanding that if named he will not be a candidate for election as trustee at the September annual meeting. He would serve only for the next two months.

### C. W. COX HAT IN RING

NEWARK—Carlton W. Cox, manager Metropolitan Life, Paterson, retiring president of the New Jersey Association of Life Underwriters, was endorsed by the association for trustee of the National association at the annual business meeting. H. C. Lawrence, general agent Lincoln National, Newark, was appointed chairman of a committee to further Mr. Cox's candidacy. Mr. Cox, a graduate of Williams College, started as an agent for Metropolitan in 1920. He was promoted to manager at Bloomfield in 1922 and transferred to Paterson in 1929.

Under his leadership, membership of the New Jersey association advanced 26% to an all time high of 485. He takes an active part in business and civic activities both in Paterson, and Montclair, where he resides.

Immediately after graduation from Williams College in 1917 he went into the army, was commissioned a first lieutenant in the infantry, and served overseas one year.

### MAY BE NINE VACANCIES

In referring to the effect of the election of Clarence W. Wyatt of Boston as second vice-president of John Hancock Mutual Life upon the trustee situation in the National Association of Life Underwriters, THE NATIONAL UNDERWRITER stated that this would mean that in addition to the usual six two-year terms to be filled, there would be an additional one-year term, as Mr. Wyatt was elected a trustee last fall. THE NATIONAL UNDERWRITER overlooked the fact that there would also be another one-year term vacancy. Clancy D. Connell was elected a trustee last fall and then was elected secretary by the trustees when W. W. Hartshorn was appointed to a Metropolitan Life home office position. Judd Benson was named as trustee for the balance of the year to take the place of Mr. Connell. There will thus be eight trustees to be elected.

New England members of the N. A. L. U. have not yet reached any conclusion about a candidate for trustee to fill out the Wyatt vacancy. While it is not certain that New England will put forward a candidate, it seems likely that

## C. W. Greene Heads Negro Association

Charles W. Greene of Atlanta Life was elected president of the National Negro Insurance Association at the annual meeting at Louisville. James H. Lewis, Afro-American Life, is first vice-president; general secretary, A. P. Bentley, Fireside Mutual; assistant secretary, A. Victor Williams, Louisiana Industrial Life; treasurer, A. M. Carter, Pilgrim Health & Life; historian, M. F. Stuart, Universal Life; statistician, Mrs. M. C. Hickerson Morris, Supreme Liberty Life; actuary, A. M. Walker, Universal Life; general counsel, J. Leonard Lewis, Afro-American.

The 1945 convention will be held in New York.

It was announced the member companies had agreed to purchase \$2,763,000 in war bonds.

Mayor Wyatt, Louisville, presented a key to the city to B. T. Bradshaw, association president, with the remark "At times we have had our difficulties between the races, but these difficulties are only the growing pains of a better Democratic setup."

Mrs. L. C. Willis, Kentucky department, and Charles W. Anderson, member of the Kentucky legislature, and president of the National Negro Bar Association, welcomed the convention.

C. C. Spaulding, president North Carolina Mutual Life, in a talk advised the Negro to be patient, be tactful, and get along with people and "the law of fair play will drive out the Jim Crow laws."

E. M. Martin, secretary Atlanta Life, declared the Negro's economic position could be strengthened through insurance, and held that a more financially independent Negro group would help provide a backlog of economic strength for the nation.

### Conn. Banks Cut Group Rates

The 18 mutual savings banks identified with the Savings Banks Life Insurance system in Connecticut will accept applications for group life insurance starting July 1. The minimum group life rates approved by the insurance commissioner will be lower, for all ages, than the standard rates charged by commercial companies, General Manager J. R. Royston states.

someone will be presented since within the past two years, two members of the official group from New England have gone to home office positions, thus, within one year removing both of them from office. In addition to Mr. Wyatt's removal there was the removal last year of Wilbur Hartshorn who left a Metropolitan office in Hartford to become a regional supervisor.

### Hobbs Situation

If Philip B. Hobbs, Equitable Society, Chicago, is elected secretary, there will be still another one-year trustee term to be filled, as Mr. Hobbs was elected trustee for a two-year stretch last fall.

Although no announcement has been made as to Jul Baumann, E. J. Dore or Paul Dunnahan it is assumed that they will be candidates for reelection. If so, the list of candidates so far is:

Jul Baumann, Pacific Mutual, Houston; Hugh S. Bell, Equitable of Iowa, Seattle; Manuel Camps, Jr., John Hancock, New York; Dudley Colhoun, Sheandoah, Roanoke; C. W. Cox, Metropolitan, Paterson, N. J.; W. L. Dean, Life & Casualty, Jacksonville; E. J. Dore, Berkshire, Detroit; A. C. Duckett, Northwestern Mutual, Los Angeles; Paul Dunnahan, Canada Life, Minneapolis; Clifford Orr, National Life, Philadelphia; Eric L. Tilley, Life & Casualty, Durham, N. C.

Under the constitution the nominating committee may bring in from seven to nine names for trustee positions. Thus even though there may be nine vacancies the committee could report but nine names.

## Livingston Named Head of A.L.C. Medical Section

J. M. Livingston, medical director of Mutual Life of Canada, was elected chairman of the Medical Section of the American Life Convention at the annual meeting at the Edgewater Beach Hotel in Chicago.

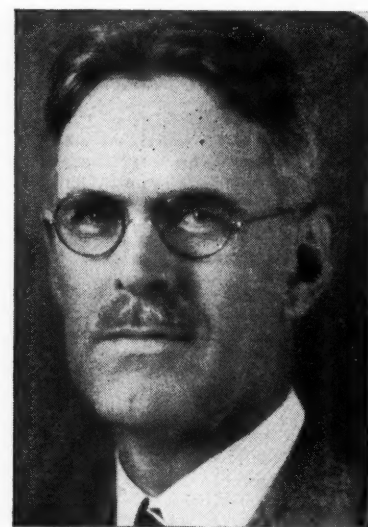
Dr. Livingston, who succeeds Thomas H. Dickson, medical director of Minnesota Mutual Life, is the second Canadian to be chairman of the Medical Section since it was organized in 1910. Dr. S. J. Streight, medical director Canada Life, having served as chairman in 1936.

Lieut. Com. J. R. B. Hutchinson, U. S. navy, medical director Acacia Mutual Life on service leave, was named vice-chairman.

B. F. Byrd, medical director National Life & Accident, was re-elected secretary. Reynold C. Voss, assistant medical director Pan-American Life, was named



J. M. Livingston



THOMAS H. DICKSON

to the board of managers and J. Thornley Bowman, medical director London Life, is program chairman.

Dr. Livingston is a graduate of the University of Toronto. In the former war he was a captain with the first Canadian machine gun battalion, serving in France. He entered the private practice of medicine in 1920 at Waterloo and became associated with Mutual Life as assistant medical director. A year later he was advanced to medical director. He is chairman of the medical actuarial committee of the Canadian Life Officers Association.

### Study Los Angeles Pensions

LOS ANGELES—The life insurance committee of the Los Angeles Chamber of Commerce named C. E. Bell, inspector of agencies New York Life; Kellogg Van Winkle, agency manager Equitable Society, and W. R. Spinney, assistant trust officer Title Insurance & Trust Co., as a subcommittee to consult with chamber heads on the question whether the subject of pensions in private enterprise should be studied and a report to directors prepared. Gordon Whitnall, city planning commissioner of Los Angeles, spoke on plans prepared for Los Angeles as they relate to the life insurance interests.

Albert Drake of Mutual Benefit Life, Kansas City, a lieutenant in naval aviation, is now in the South Pacific. He is a personnel officer.

## Big War Bond Purchases

New York Life has subscribed \$175 million to the Fifth War Loan. With this purchase, New York Life's holdings of U.S. government obligations amounts to \$1,763 million, approximately 51% of the company's total assets.

Mutual Life has purchased \$162½ million of bonds.

Western & Southern has purchased \$27.5 million to date in the present drive and plans to make additional purchases before the drive is over.

### PRUDENTIAL \$150 MILLION

NEWARK—Prudential announces that it has subscribed \$150 million to the fifth war loan.

Mutual Benefit Life has subscribed for \$40 million. This subscription brings total holdings of U. S. securities up to \$318,463,000 or to more than 36% of invested assets.

### ACACIA BUYS 7½ MILLION

WASHINGTON—William Montgomery, president Acacia Mutual Life, bought from Daniel W. Bell, undersecretary of the Treasury, \$7,500,000 in fifth war loan securities, the largest single war bond subscription ever made in the history of the District of Columbia.

## NLRB Favors State Wide Bargaining Units

WASHINGTON—National labor relations board has dismissed without prejudice petitions filed in four cases by insurance employees alleging that questions affecting commerce had arisen concerning representation of employees of Metropolitan Life.

Dismissal was ordered on the ground that the units proposed in the proceedings were not appropriate for purposes of collective bargaining; therefore, NLRB found no questions had arisen concerning representation of company employees.

Unions concerned were two locals each of American Federation of Industrial & Ordinary Insurance Agents' Union and of Industrial & Ordinary Insurance Agents Union (AFL).

In the case of the first two unions' petitions it was contended that separate bargaining units limited to agents at Toledo and Akron were appropriate. C.I.O. favored city-wide units. The company and the independent International Union of Life Insurance Agents, however, agreed that state-wide units would be appropriate for bargaining.

In the other two cases the unions contended separate bargaining units limited to agents at Richmond and Lynchburg, respectively, would be appropriate. The company contended employee bargaining units should be state-wide.

NLRB says that save in exceptional circumstances the practice of setting up agents' units smaller than state-wide in scope should be avoided.

National war labor board officials say they expect John Hancock Mutual and representatives of its employees to reach agreement on questions involved in distribution of retroactive pay increases allowed by the board in accordance with interpretation by Jesse Friedman, board chief counsel, of the board's decision and order in the John Hancock case.

### Canadian Institute Elects

TORONTO—R. E. Dowsett, Manufacturers Life, Toronto, has been elected president of the Life Insurance Institute of Canada. Vice-presidents are W. M. Anderson, North American Life, Toronto, and R. D. Taylor, Sun Life, Montreal; secretary-treasurer, T. M. Sargent, North American Life.

The annual report shows that for the first time since 1939 there has been a reversal of the downward trend in membership. The gain for the fiscal period just closed was 96, with a total of 1,329 against 1,233.



## Harmony Slate Elected by National A. & H. Association

**Sholl Named President  
—Omaha and Denver Get  
1945 Conventions**

### NEW OFFICERS ELECTED

**President**—Clarence A. Sholl, Globe Casualty, Columbus, O.

**First Vice-president**—R. J. Costigan, Business Men's Assurance, Kansas City.

**Second Vice-president**—Purl E. Ansel, Monarch Life, Baltimore.

**Executive Board**—Christopher F. Lee, Columbian National Life, Boston; C. C. Washburn, Preferred Accident, San Francisco; Marion F. Houston, Washington National, Kansas City; Gilbert H. Knight, Federal Life & Casualty, Cleveland; Emerson Davis, Inter-Ocean Casualty, Dallas.

By FRANK A. POST

The contest over the presidency of the National Association of Accident & Health Underwriters at its annual meeting in St. Louis was kept off of the convention floor by a last-minute compromise under which Clarence A. Sholl, vice-president the past year, was advanced to president and R. J. Costigan, who had been proposed for the presidency in opposition to Mr. Sholl, was elected first vice-president and thus put in line for the presidency next year.

After the report of the nominating committee had been presented and adopted, the office of second vice-president was revived by adoption of a constitutional amendment. Emerson Davis, Inter-Ocean Casualty, Dallas, and Purl E. Ansel, Monarch Life, Baltimore, were nominated for that office but Mr. Davis withdrew in favor of Mr. Ansel.

### Davis Placed on Board

Mr. Davis was then nominated for the vacancy on the executive board created by Mr. Ansel's advancement but it was discovered that the constitution requires all vacancies on the board to be filled by appointment by the president. A resolution was then adopted recommending the appointment of Mr. Davis, which was made by President Sholl as his first official act as head of the organization.

Another proposed constitutional amendment which would have barred the reelection of executive board members was very decisively defeated.

Omaha was chosen for the winter meeting next January in a contest with Wichita and Denver won out over Buffalo for the next annual meeting.

### No Action on Expansion Plan

No action was taken on the proposed expansion plans, including the employment of a full-time executive officer, contemplated under the financing campaign now being carried on by the planing committee, as that committee did not feel that its program was sufficiently advanced to take action at this time. Chairman E. H. Mueller said that reports had been received from only five associations but that from these associations and through pledges by individual members subscriptions for between \$10,000 and \$12,000 on a five-year basis already had been made and that the committee had received nearly \$2,000 in checks on the first year subscriptions.

A constitutional amendment proposed  
(CONTINUED ON PAGE 8)

## Future Mortality Factors Viewed at A. L. C. Parley

Although the immediate mortality outlook is not favorable, there is ample justification for a feeling of optimism about mortality prospects of the next 25 years, Leigh Cruess, vice-president and manager of selection of Mutual Life, declared before the Medical Section of the American Life Convention at its annual meeting in Chicago.

In the short space of five years the pneumonia death rate has been cut in half, due principally to sulfa drugs, with the prospects of penicillin conquering other severe infections. With extensive research projects under way further advances in preventive cures are anticipated.

### Reflection of General Mortality

With policyholders now making up such a large proportion of the population, insurance mortality is very largely a reflection of general mortality, Mr. Cruess pointed out. Since 1900 there has been a 35% reduction in the death rate, due in a large part to the marked improvement in mortality among children and young adults. Although Mr. Cruess expects the downward trend to continue, it cannot go on indefinitely. There is still room for considerable improvement among the under-privileged group, including better medical care for the masses.

Despite the success in reducing mortality, a larger proportion of those surviving beyond 45 are vulnerable to the old age diseases, including heart and cancer which are showing increases. More attention to research on old age diseases offers some promise of betterment.

Once the gasoline restrictions are lifted there is sure to be a resumption of the climb in automobile accident

deaths. Aviation is bound to assume increasing importance in accident mortality. Although air travel has become safer, frequency of air travel will increase faster than the safety factor.

### Epidemic Threat Sobering

With nearly 10% of the total population in war service, the immediate mortality prospects are clouded by war conditions. It is impossible to predict combat losses but the death rate among the wounded is much lower than in the last war. The influenza epidemic in the last war which resulted in 400,000 more deaths in 1918 than 1917, eight times the combat deaths for the entire war, presents a sobering picture as in the minds of many people war and epidemics are associated. As populations get stirred up and move about epidemic outbreaks are more likely. Conditions in Europe are ripe for such outbreaks and the speed and ease of present day transportation makes vulnerable almost every other part of the globe.

If there is a post-war depression, insurance mortality will not be affected to the extent it was during the 30's, as companies have been underwriting large risks more cautiously than in the booming 20's.

### Increase in Heart Deaths

The great increase in the death rate for diseases of the heart, 137 per 100,000 in 1900 to 295 in 1942, is due in a large part to the older age distribution resulting from the reduction of deaths at younger ages. Better diagnosis may be responsible for part of the doubling of the cancer death rate since 1900. But aside from these considerations, there is a belief in many quarters that these

(CONTINUED ON PAGE 8)

## Phoenix Mutual's New 21-2% Rates Announced

**Juvenile Payor Clause  
Introduced—To Revise  
Agents' Compensation Plan**

A new series of policies, based upon a 2½% reserve basis, has been announced by Phoenix Mutual Life, effective July 1. The new policies are being introduced to the field organization through regional conferences in Hartford, New York, Chicago, and on the west coast.

In announcing the new reserve basis, President Arthur M. Collens points out the change in interest is in line with the present trend of yields on securities of the type purchased by insurance companies and savings institutions. "In a mutual company, however, the cost of the insurance to the policyholder is based, not on the gross premium, but rather on the actual experience as to mortality, interest, and expense of management. The excess interest over 2½% naturally will tend to produce larger dividends than excess interest over 3¼% as provided under contracts issued previous to July 1. Cash surrender values also will be materially increased and, for all important plans, 20 year ledger costs will actually improve."

### Pays 3½% on Options

Phoenix Mutual will continue, for the present, to pay 3½% under settlement options and funds left with the company, but the guaranteed rates will be 2% under the interest option and the fixed installment option; 2½% on the certain period of the annuity certain option; and 2½% on dividends left on deposit.

The new policies have been streamlined in both appearance and content. The face of the policy has been rearranged so as to present an easily read schedule of the important provisions. The beneficiary and ownership provisions also have been substantially rearranged. The overall result is a series of contracts improved in appearance and simplified in terminology.

For the convenience of policyholders, a new joint survivorship option table has been prepared which may be included in new or existing policies when requested by the agent. The table shows the amount of annual or monthly income available on a joint survivorship basis with 10 years' payments certain for each \$1,000 of principal sum. A corresponding income on the semiannual or quarterly basis will be available if desired at the time of exercising the option. The option may be exercised at any time within six months before or after the insured's 60th or 65th birthday, provided the beneficiary designated is then at least 35 years old.

### New Juvenile Plan

Phoenix Mutual also has announced new "Look Ahead" plans for boys and girls which will equip its agents to more fully meet the needs of the rapidly expanding market for this type of insurance. A new payor clause, in the form of a rider, may now be incorporated at issue in any one of the following plans: Annual life, 20-premium life, 30-premium life, 20-year endowment, retirement income at 55, 60, and 65, and retirement income annuity at 55. The new benefit provides that, if the purchaser who is the payor of the premiums should die, premiums will be waived by the company until the anniversary of the contract nearest the child's 25th

(CONTINUED ON PAGE 7)

## William Penn and the Jerseys

When William Penn received from King Charles II of England the grant of deed for the Province of Pennsylvania, and set about the task of formulating a Frame of Government for the commonwealth in which the colonists were to live in religious freedom and under laws of their own choosing, he already had a background of experience upon which to develop his "Holy Experiment."

In 1675 he had been called in as an arbitrator in a disagreement among the proprietaries of the Provinces of East New Jersey and West New Jersey, himself became one of the proprietaries although still living in England. As counsel for the trustees he was the man principally responsible for the charter of West New Jersey, upon the basis of liberty of person and conscience, the power in the people, local self-government, and justice in the code of the courts.

While thus engaged in working out the government of "the Jerseys," Penn became conversant with the making of a provincial charter and with the difficulties which would at once confront it in practice.

1644 — PENN TERCENTENARY — 1944

\* \* \*

### THE PENN MUTUAL LIFE INSURANCE CO.

WILLIAM H. KINGSLEY  
Chairman of the Board

JOHN A. STEVENSON  
President

INDEPENDENCE SQUARE, PHILADELPHIA

## Tells How Life Policy Saved Day for McGraw

The story of the part played by a life insurance policy in helping to build the greatest publishing business of its kind in the world is told in "Teacher of Business: The Publishing Philosophy of James H. McGraw," recently published by Advertising Publications, Inc., Chicago.

James H. McGraw founded the McGraw-Hill Publishing Company, New York, which publishes 24 industrial and business magazines, operates the McGraw-Hill Book Company as a subsidiary, and is a principal owner of Business-Publishers International Corporation, publishers of expert journals.

He studied to be a teacher, but found during vacation work that he could earn more money selling subscriptions than by teaching school. Thereupon he went to New York as an employe of a struggling publishing company, which was later confronted with a serious financial problem.

"This was in the summer of 1886," Mr. McGraw says, "and I was located in Philadelphia. I was called to New York for a council of war and was asked if I could help out by finding some ready

cash. Being young and full of confidence, I said 'Yes!' without having the remotest idea of where I was to get it.

"I took a walk up Broadway to cogitate. Finally I passed the building of the New York Life Insurance Company, and that gave me a thought. I went in and took out a policy for \$2,000, payable to James Knapp, a wealthy farmer of Chautauqua county, who knew me and knew my family. I turned over the life insurance policy and a note to Mr. Knapp, and received from him a check for \$1,000."

As a result of this contribution to the finances of the company, Mr. McGraw was made a vice-president, later taking over one of the company's publishing properties and starting out for himself. The great business which he developed has become the largest of its kind in the world.

The price of the book is \$1.

### Provident Mutual Council Meets

The advisory council of the General Agents' Association of Provident Mutual held a meeting in Philadelphia June 26-28. Committee members are W. Henry Blohm, Cincinnati; Clancy D. Connell, New York City; Lowell W. Davis, Hartford; Willard Ewing, Chicago; George N. Quigley, Denver, and Paul W. Schenck, Greensboro, N. C.

## Tropical Disease Forum Held by Medical Directors

### Possibilities of Spread to U. S. Considered—Precautions Being Taken

The possibilities of diseases in the present and projected tropical theaters of military activity being brought back to this country were considered in an extensive discussion of tropical medicine before the Medical Section of the American Life Convention at its annual meeting in Chicago. Prof. Ernest C. Faust, department of tropical medicine Tulane University, pointed out that because of the potential danger of yellow fever being introduced into the U. S. on passenger or cargo planes from tropical Africa and northern South America, these planes are subjected to disinfection at the airport of entry. Yet the possibility of an exposed individual arriving in this country during the incubation period of the disease provides an uncontrolled hazard as long as the types of mosquitoes that carry yellow fever germs breed in south Atlantic and Gulf coast cities.

For American military or civilian personnel likely to come in contact with louse-infected groups outside the U. S., vaccination and adequate delousing are required. Although several hundred American troops in the Australia-New Guinea area have contracted scrub typhus, an infection transmitted by a red mite, and some have died, it does not seem probable the disease will be brought back to this country by returning troops, Dr. Faust observed.

In view of the great strides in scientific knowledge, the future in regard to tropical and exotic diseases in this country can be viewed with assurance, Karl W. Anderson, medical director Northwestern National Life, said in discussing Dr. Faust's paper.

### Much Progress Made

Dr. Anderson stated that there are many factors which should give the American public optimism in the war against tropical and exotic disease germs. Medical schools have added special courses of instruction in these diseases. Steps have been taken to watch during the period of demobilization members of the armed forces who have been in the tropical and sub-tropical zones since some of them may be suffering from unrecognized latent or chronic tropical diseases. As these troops are demobilized so will be the physicians who have served with them in the same zones. In this way the physicians experienced in tropical diseases will follow the men back to the various communities of our country and will be able to give them specialized diagnosis and treatment.

After the war there is going to be an increased amount of world travel with more people visiting places where tropical diseases are prevalent. This will necessitate the development of better ways and means of preventing the reentry of tropical diseases into this country as well as protection for travelers.

### Control Measures Cited

From a practical standpoint the most important tropical diseases which must be contended with in this country are malaria and dysentery, Dr. Anderson pointed out. Malaria control in the field is rather difficult but control measures applied to a community can be effective. There is a better under-

standing of the drugs used in malaria treatment, and there is no shortage of essential drugs. Dysenteries represent a different problem. Spread of dysentery has occurred from defective plumbing and health departments should be given support so that harmful defective plumbing may be removed or repaired.

The diseases which are most likely to be brought back and upset our general population are yellow fever, dengue, filariasis, typhus, malaria, amoebiasis, bacillary dysentery, plague, cholera and leprosy, J. L. Humphreys, medical director Reliance Life, pointed out.

### Malaria Scourge of Tropics

Malaria is the scourge of the tropics and overlaps into the temperate zones. It is endemic in this country and has assumed epidemic proportions several times. This is one of the tropical diseases better known to medical men. Its nature is such that some returning soldiers will harbor the disease and have relapses. Cold will not kill the germs and a man can carry it through the winter. Malaria may appear in many forms and varieties, manifesting itself from meningitis to dysentery. It ranks next to syphilis in its mimicry of disease. Tertian fever has the highest relapse rate of all the groups of malaria.

Touching on dysentery, Dr. Humphreys said there is no immunity from attack and no specific prophylaxis. A patient must have a thorough and prolonged treatment to avoid relapse. It is present in every state and was brought very acutely to the attention of the country some years ago by an outbreak in Chicago. It is eradicated by cleanliness.

### Cholera in India

Cholera has existed in India from time immemorial, reaching other countries only in modern times. It may be brought to this country by troops arriving or passengers by air transport, and if introduced it may become epidemic. It is carried by food and water and like bacillary dysentery may persist if introduced. General sanitation and inoculation are the only means of preventing an epidemic. The mortality in its epidemics has reached 50% and higher.

Dr. Humphreys said that medical men in the insurance field will be called upon to underwrite many of the men returning from tropical areas and that they must learn the complications and sequelae of the tropical diseases. The tests necessary for their detection should be ascertained and medical examiners required to carefully examine all applicants with a history of any of these diseases.

## MALARIA SITUATION

To public health authorities after the war will fall the task of safeguarding the country against the spread of malaria and many other so-called "tropical diseases" brought back by servicemen returning from infected areas, Donald B. Cragin, medical director Aetna Life, emphasized.

"Application of the principles of quarantine is the chief bulwark of our national defense against tropical diseases. We may have surprises but these should not astound us when we consider how easy it will be for immune carriers to return to this country undetected. Cholera, bacillary dysentery and amoebic dysentery carriers resulting from missed or subclinical cases can only be found by laboratory tests of every person returning from the world's endemic areas. This would seem to be an impossible practice because of the magnitude of the job. As in the past, these carriers may only be found after they have caused epidemics," Dr. Cragin pointed out.

It has been estimated that there are between one and six million cases a year of malaria in this country. Whether or not present day methods of handling the disease will be able in time to stamp out malaria is a question which is very much up in the air.

"As I understand it, what we need is

# FLASH

## TO THE MEN IN THE FIELD

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Among the factors which mean much to the men in the field is the standing in the industry. In this regard Commonwealth fieldmen can point with pride to Commonwealth's unique place in the business.

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Older Than	<b>5</b>	of every	<b>10</b>	American Companies
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Growing Faster Than	<b>8</b>	of every	<b>10</b>	American Companies
Selling More Than	<b>8</b>	of every	<b>10</b>	American Companies

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# COMMONWEALTH

## Life INSURANCE CO.

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some drug which will effect the plasmodium itself which is carried in the blood indefinitely. Until we find something which will kill this parasite, we will probably have malaria with us for years to come. Let us hope that the synthetic quinine and its varying compounds may prove to be responsible for the answer which we are so eagerly seeking," Dr. Cragin concluded.

Carlo J. Tripoli, director Helis Institute for Medical Research, spoke on the diagnosis of liver diseases, his paper being discussed by D. S. Pulford, assistant medical director California-Western States Life. Dr. Pulford expressed the hope that with the development of knowledge regarding liver disease cases life companies will be able to work out some formula for insuring such risks which are now rejected.

### Stevenson Addresses Insurance Librarians

"The intellectual blackouts created in Europe by the closing of famous universities and the wanton destruction of libraries are one of the most appalling side-line aspects of our times because they lay the groundwork for future brutality," John A. Stevenson, president of Penn Mutual Life, told insurance company librarians, members of the Special Libraries Association, during their visit to the Penn Mutual library.

"The University of Warsaw has ceased to exist," Mr. Stevenson said. "Books from the University of Madrid were used as defenses in rifle pits. The entire University of Prague and the 365-year-old University of Leyden have been closed by the Nazis. National ignorance was the festered area in which the Nazi ideology was spawned and thrived. Countries like ours have a definite trustee responsibility for safeguarding the products of man's intellect and you, as librarians, are custodians of these academic arsenals."

"All business in the postwar era will need to draw on reservoirs of combined knowledge if we are to achieve the promised bright new world to come," he declared.

"There is today really no national clearing house of insurance literature. I hope to see the day when a catalogue of insurance material will be assembled that would make it possible for books to be used interchangeably by all the companies for reference," he stated.

### 40-Cent Wage Order Issued

The wage and hour division of the U. S. Department of Labor has published its final wage orders in connection with its program to set a 40-cent minimum wage for all the workers under the wage and hour act and one of these orders applies to insurance employees. Congress set Oct. 24, 1945, as the date when a 40-cent minimum would automatically go into effect for all covered workers and provided an industry committee machinery whereby the minimum was to be raised from 30 to 40 cents by industry as rapidly as possible. The order will have virtually no effect in the insurance business as probably only a handful of employees has been getting less than 40 cents per hour.

### Fill Main Hotels for N.A.L.U.

DETROIT—Because of the limited number of rooms that could be set aside for the convention, all available rooms at the Book-Cadillac and Statler hotels have now been reserved for the dates of the National Association of Life Underwriters meeting, Sept. 11-15. However, there are still rooms available in other good hotels nearby.

### Mass. Bank Cover \$250 Million

Savings bank life insurance in force in Massachusetts has now passed the \$250 million mark, President Granville H. Beever of the Savings Bank Life Insurance Council of Massachusetts states. Most of the policies are for \$1,000 or less.

## Bricker Criticizes High Court Decision

New dealers were severely criticized by Governor John W. Bricker of Ohio for their failure to abide by the state insurance supervision plank in the 1940 Democratic party platform. In discussing the drafting of political party platforms at a press conference in Chicago in connection with the Republican national convention, Governor Bricker held that administration should abide by its

party's platform. Despite their platform pledge the new dealers violated their pledge and upset a 75 year old precedent by an unprecedented minority decision of the Supreme Court in the insurance case. It is not sound for a party to take a position in its platform and then have its own appointed public officials and judges take an attitude in reverse, he declared.

Mr. Bricker held the new dealers are motivated by their desire to get their hands on the money in the insurance business. As Mr. Bricker brought up the insurance decision of his own ac-

cord and not as a result of questions it indicates that he intends to press the issue in the campaign as he had previously expressed similar statements over the radio.

L. W. Douglas, president of Mutual Life, who has spent most of his time at Lenox Hill hospital, New York, with an infected sinus since returning to the company on a full time basis after serving as deputy administrator of War Shipping Administration, has returned to his desk.

## OUR LARGEST AGENCY GROWS ... LARGER!



Herman P. Jeffers  
Columbus, Ohio

The TICE & JEFFERS AGENCY, Columbus, Ohio, is the oldest agency of The Midland Mutual Life. It operated continuously under the same management for 35 years prior to the death of Edward Perry Tice on December 1, 1943. Since then the Agency has been under the management of Herman P. Jeffers, the surviving partner, ably assisted by Herman O. Tice and B. F. Carter.

This Agency has more than 15,000 policyholders whose insurance with the Company exceeds \$35 millions.

This year the Agency has shown an increase in the new paid-for business of 33%.

Nine of its agents have qualified for the top clubs of the Company for the year ending June 30, 1944:

### Club Member

W. E. Whipple  
James E. Fusco  
Sam B. Garwood  
Herman O. Tice  
Cecil H. Mechem  
H. D. P. Thomas  
C. A. Devoe  
F. Ray Wilson  
Lucille J. Means

### Date of Contract

November, 1919  
October, 1943  
April, 1908  
March, 1919  
January, 1930  
February, 1929  
April, 1923  
July, 1927  
June, 1940

In October, 1906, Mr. Jeffers cast his lot with the Company then only 3 months old. Mr. Carter has served the Agency since June, 1910.

Mr. Jeffers holds first place in length of service with this Company. He has served the National Association of Life Underwriters as Executive Committeeman and as Trustee.

Our hats are off to Herman P. Jeffers and his loyal Associates!

## THE MIDLAND MUTUAL LIFE INSURANCE COMPANY

Columbus 16, Ohio

## New Viewpoint Needed on Neuropsychiatric Risks

A new viewpoint on the medical underwriting of neuropsychiatric risks will be needed in the future, Comm. Francis J. Braceland, U. S. navy bureau of medicine and surgery, Washington, declared before the Medical Section of the American Life Convention in Chicago. These risks will represent a large segment of the population. Many of the neuropsychiatric disabilities are for military service only and if there had been no war these people would not have come under such careful microscopic scrutiny and their inadequacy would probably not have been diagnosed, and in fact might not even have developed.

Many of these men will return to civilian life, take up their places and carry on as they did prior to the war, Commander Braceland pointed out. Many of their present disabilities will become completely quiescent and disappear a short time after their return to normal surroundings. To hold these people for a long time before considering accepting them as good risks does not seem to be wise.

Commander Braceland emphasized that his comments represented his personal views and were not the official view of the Navy Department.

### No Increase in Mortality

There is no increase in mortality in the neuropsychiatric type of risk, in fact many of them are so careful that they outlive other groups, Commander Braceland said. Their future depends upon their handling in the rehabilitation programs which are now being established. The combat neuroses, the mild psychoneuroses, the instabilities and the inadequacies should all be considered from the same standpoint as a civilian group of the same age, and the tables under which these people are to be rated should be extremely flexible.

Each group should be considered separately and before these men are subjected to increased premium ratings, careful examination of their individual situations should be made. There will naturally be a period of restlessness and dissatisfaction with routines immediately upon the return of these men, but this should not last for more than a few months.

Statistics are published in the newspapers concerning the thousands of men released from the services or rejected at induction stations for neuropsychiatric reasons, these men are not in institutions, nor are they on relief rolls;

furthermore, most of them are unlikely ever to be found in either. The vast majority of them are capable of some work despite the maladjustment which kept them from military service, Commander Braceland declared. Of necessity, the military services have to be practical; they recognize the need and usefulness of the partial contributions of the handicapped, but their attitude must be—"You use the partial services—give us men who can fight."

The psychoses which occur within the first year of a man's military career do not differ from those seen in civilian life. Some of the neuropsychiatric illnesses attributed to military duty are actually the blossoming of long-standing illnesses which were undetected due to failure of the individual to disclose vital historical data to the examining physician; very few of them have had their inception in military life.

Many of these men had had sedentary occupations and the change to an active training regime was too much for them. Some of these men became overly fatigued and depressed. This is a young man's war. The breaking of home ties, the lack of privacy, and the physical demands plus the economic disruptions constitute a formidable series of obstacles. However, they should adjust well to their former occupations after a short period of restlessness and re-adaptation.

The adaption of neuropsychiatric casualties to a useful place in society presents a serious problem. The handicapped veteran must be aided in helping himself. To create surroundings calculated only to aid the handicapped might result in prolongation of the individual's idea that he is handicapped, as an individual is handicapped only as much as he permits himself to be, no matter what his illness or injury.

Rehabilitation programs to prepare veterans to take their places in normal life are ineffective if people in the communities to which they return persist in regarding them as abnormal, Commander Braceland emphasized. Although returning veterans will receive national attention at the close of the war, someone must take measures to prepare the niches into which they will be fitted. This will require extensive public education.

Not only must the returning veterans be made sufficiently flexible in attitude to adjust themselves to changed circumstances but the public must be ac-

## Premium Refund Is Not "Received as Insurance"

Amounts received by a beneficiary in the way of return of premiums when the insured committed suicide within the contestable period do not come to the beneficiary as insurance under section 811 (g) of the internal revenue code and must be included in full in the decedent's gross estate. The U. S. tax court so held in the case of the estate of William Douglas Chew, Jr., Carrie Cole Chew, mother and sole heir, vs. commissioner.

Chew, who ended his own life Nov. 28, 1940, was a resident of Louisiana. He left three policies in New York Life with his mother as beneficiary. Two of the policies were single premium contracts and the third was a 20-payment life. The premium refund amounted to \$22,539 and the beneficiary claimed they fell under the old \$40,000 exemption of life insurance proceeds from estate tax.

The tax court expressed the belief that the amounts received by the mother were not the result of any risk-shifting or risk distributing on the part of either the insured or the insurer. New York Life specifically excluded from the risks which it had assumed the risk attendant upon the death of the insured by self destruction for a period of two years. The refund of premiums was not "received as insurance," the court held.

acquainted with the usefulness of handicapped persons. Competition for jobs will be keen and it will be natural to ask why use a handicapped man when healthy ones are available? The saving and conservation of resources and use of partial services of manpower reserves has only recently become a part of the national economy and problem of adjusting public attitude is here.

Some men discharged from the services with a neuropsychiatric diagnosis have already found difficulty in getting work and yet are capable of doing a good job. Anyone who understands these men realizes that it will take only two or three rebuffs to make them unemployable and beyond rehabilitation.

### Advanced Men Well Ahead

Connecticut Mutual men who have enrolled in the advanced underwriting course had a material increase in their total paid-for volume in 1943 over 1942. Of a total of 357 men enrolled, 233 are now still active in the company. Of the remaining 124 men, 74 enrolled members are now in service or defense and another 50 have terminated their contracts. As compared with the \$29,432,675 volume in 1942, these 233 men paid for \$38,675,960 in 1943.

## Mortality Experience on Psychoneurotics

### Equitable Study Indicates Unfavorable Record for Waiver of Premium

NEW YORK—In view of the large number of draftees rejected for military service and of the large number of men in the armed forces discharged because of psychoneurosis about 40% of the total discharged, a study of 1,000 disability claims of Equitable Society with an original psychoneurotic diagnosis, made several years ago by Dr. P. G. Denker, assistant medical director, is of interest. There is same uncertainty as to the acceptability of such cases for life insurance. Equitable Society accepts these risks at standard rates but does not issue waiver of premium.

Dr. Denker pointed out the great frequency of error in diagnosis. In the army, however, this is not true. It was discovered that 293 of the 1,000 cases had been erroneously diagnosed as psychoneurosis when the true nature of the illness manifested itself in most cases within one year as some organic disorder. A mortality study showed that neurotics have a distinctly greater life expectancy than normal. Suicide is a rare phenomenon in this group. Duration of disability income, type of therapy, age, sex, and other factors. Lump sum settlements may be made favorably in many cases.

### Facts of Study

The study of the 1,000 consecutive disability claims for psychoneurosis was made at least five years after disability had commenced, and in many cases 10 or 15 years after. The results were obtained by correspondence with insured or his physician, by examination through the company's examiners, personal interviews, or inspection reports. Most of the policies were issued between 1915 and 1930. Diagnosis in all cases was made by a physician, often corroborated by a nerve specialist or psychiatric hospital, and many were personally examined who lived in the New York area. Total disability was recognized only after the insured had been ill for at least three months and to an extent that would prevent him from engaging in any occupation for remuneration or profit.

The 707 true neurotics ranged in age from 19 to 59 years and the average age was 37.2 years. There were 384 males and 323 females. Middle age in the male apparently produces the greatest neuroses because responsibilities are greatest. Age incidence in females is somewhat lower. Neuroses were 3 to 4 times as frequent among female as male insured.

The high incidence among clerical workers (185), executives (170), teachers (132) and professional people (54) contrasts forcefully with the greatly diminished number of manual workers (7) and housewives (2). On looking over the case histories he was impressed by the monotonous existence of the occupational misfit, the clash of temperament and intelligence.

Only 35 presented a history of nervous or mental disease in either themselves or their families. The discrepancy may be accounted for by the absence of a special question on the application as to mental disease in the family, lack of neurological mindedness of the average insurance examiner, and lack of candor on the part of the applicant.

### Few Are Suicides

The better than normal life expectancy is due probably to excessive care and pampering they usually undergo. "There would thus seem to be statistical proof for the expression that neurotics are more likely to wear out their families and friends than themselves," Dr. Den-

# THE MANUFACTURERS

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All Life, Endowment and Annuity Plans.  
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Facilities for handling large cases.  
Civilian Foreign Travel Coverage.  
Annuities — Single Premiums up to \$100,000.  
Prompt and Efficient Service.

INSURANCE IN FORCE, 727 MILLION DOLLARS

(Including Deferred Annuities)

ASSETS, 241 MILLION DOLLARS

# LIFE

## INSURANCE COMPANY

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TORONTO, CANADA  
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ker asserted. The old saying that neurotics are too fond of themselves for suicide to be a serious risk is a true one. Of the 22 deaths, there were 3 suicides.

Approximately 75% of all cases recovered within two years of the onset of disability and a little less than half within the first year. Of the total, 45.4% terminated within one year, 27.2% terminated during the second year, and 10.3% were still disabled 5 years after onset.

The higher the disability income, the more likely the duration of the claim will be longer. Whereas only 10.3% of all claims lasted five years or more, in the group receiving \$200 or more per month, 22.5% of the cases lasted this length of time. After the third year in the higher income group the percentage remains almost constant. Neurotics receiving \$200 or more per month, ill for three years, practically never get well.

#### Lump Sum Settlements

Lump sum settlement at the end of the first year of disability or sooner is wiser because the neurotic receiving a disability check is constantly impressed that society looks upon him as useless and unable to carry on. Early closure is important. An educational campaign whereby the legal profession, insurance adjusters, legislative arbitrators, and physicians could understand neurosis and learn to realize the advantage the neurotic obtains by being ill would go a long way to the intelligent handling of these cases, he said.

Cases in the younger age group (under 40) are more favorable for lump sum settlements. The shorter the duration of disability before settlement, the better the outlook of success. A claimant who received \$840 monthly was ill for 1½ years. The mental symptoms cleared up promptly after settlement of the case in one sum and he was soon back at work, functioning normally.

#### Chicago Managers Outing

More than 90 took part in the annual golf outing and dinner of the Life Managers' Association of Chicago at Elmhurst Country Club Tuesday. Despite withering 100 degree heat a large number of the athletes managed to negotiate the 18 holes. Those who emerged with the greatest glory and with the most expensive loot were C. H. Conrad, Moore, Case, Lyman & Hubbard, low gross winner; Robert W. DePau, Jr., Prudential superintendent, low net, and Oliver Kernodle, Phoenix Mutual Life, low putt.

At the speaking program following the dinner E. W. Hughes, Massachusetts Mutual Life, started off as president of the Managers' Association, and Byron Howes, Berkshire Life, spoke. Then Ben H. Groves, Travelers, distributed the golf prizes.

Robert R. Reno, Equitable Society manager, was getting about with a cane as he has just gotten into circulation after undergoing an appendectomy. An out of town participant was James Clark, John Hancock manager at Peoria, Ill.

With the calling of his third son to active duty following graduation from high school early in June, Frank J. Price, Jr., associate manager advertising and publications department of Prudential now has three sons in the armed forces. The oldest son, First Sgt. Frank J. Price, III, recently returned from the Aleutians where he had been for 27 months without leave. He took part in the capture of Attu. He is now at Camp Hood. Sgt. Price recently married Miss Blanche McIntosh of Sumter, S. C. He was formerly with Prudential.

Mr. Price's second son, Pfc. John Sever Price, has been in the marines since August, 1942, and is now in New Guinea, where he has been for more than a year. Richard J. Price, the third son, enlisted in the air cadet reserve last winter and is now called to active duty. Mr. Price has two daughters who are married to army men. One is the wife of Lt. Gerard Herzog of Fort Knox, Ky., and the other is married to Staff

## Ordinary and Industrial Leaders Ranked by In Force on Jan. 1, 1944

### ORDINARY

1. Metropolitan	\$14,284,663,731
2. Prudential	11,508,855,352
3. New York Life	7,340,581,744
4. Equitable Society	5,049,012,633
5. Northwestern Mutual	4,257,440,292
6. Mutual Life, N. Y.	3,659,982,397
7. John Hancock	3,264,175,583
8. Travelers	2,973,635,062
9. Sun Life, Can.	2,677,436,887
10. Mutual Benefit	2,205,359,131
11. Massachusetts Mutual	2,118,031,459
12. Penn Mutual	2,082,199,121
13. Aetna Life	2,059,635,719
14. New England Mutual	1,778,453,557
15. Lincoln National	1,391,695,315
16. Connecticut Mutual	1,225,835,932
17. Union Central	1,157,460,747
18. Provident Mutual	1,055,338,733
19. Connecticut General	955,311,537
20. Bankers, Ia.	834,759,295
21. Phoenix Mutual	751,579,600
22. Canada Life	729,163,949
23. Manufacturers	684,027,720
24. Equitable, Ia.	658,929,697
25. State Mutual, Mass.	653,488,472
26. Mutual Life, Can.	648,340,130
27. National, Vt.	641,482,966
28. Great West	631,666,153
29. Pacific Mutual	621,608,517
30. Reliance, Pa.	592,658,801
31. Guardian, N. Y.	550,374,485
32. Kansas City Life	526,838,007
33. Aetna Mutual	513,378,177
34. Occidental, Cal.	511,485,954
35. Jefferson Standard	502,533,041
36. Home, N. Y.	496,860,425
37. Western & Southern	473,661,823
38. Confederation	453,135,899
39. Northwestern Natl.	429,831,462
40. Southwestern	410,860,539
41. Fidelity Mutual	404,927,737
42. National L. & A.	399,161,448
43. General Amer.	324,396,827
44. Imperial, Can.	310,638,103
45. Crown, Can.	305,946,113
46. American Natl.	304,152,192
47. American United	299,053,307
48. United Benefit	278,080,886
49. Great Southern	276,544,460
50. No. Amer. Can.	273,378,946
51. Life of Virginia	261,636,516
52. Calif.-Western	252,544,165
53. Franklin Life	244,968,303
54. Ohio National	243,350,273
55. Berkshire	238,109,422
56. Minnesota Mutual	232,071,496
57. Mutual Trust	221,080,229
58. Dominion, Can.	219,744,031
59. Svva, Bismarck	218,134,622
60. Continental Assur.	217,396,612
61. Country Life	201,924,623
62. Pan-American	198,007,562
63. North Amer. Re.	192,269,300
64. Southland Life	190,873,935
65. Columbian Natl.	190,851,996
66. Central, Ia.	187,455,899
67. State Life, Ind.	186,050,336
68. Guarantee Mutual	164,515,912
69. Bus. Men's Assur.	163,501,595
70. Columbus Mutual	161,137,360
71. Washington Natl.	156,402,384
72. Continental Amer.	154,466,985
73. Atlantic, Va.	143,593,747
74. Bankers, Neb.	142,632,126
75. Monumental	141,743,711
76. Midland Mutual	140,360,116
77. Indianapolis	133,094,965
78. Ohio State	124,701,072
79. State Farm	121,974,553
80. West Coast	117,911,420
81. Manhattan Life	116,007,854
82. Beneficial	113,397,582
83. Security Mut., N. Y.	113,102,301
84. Life & Casualty	112,178,329
85. Illinois Bankers	111,137,868
86. Commonwealth	109,931,449
87. Union Mutual, Me.	109,678,704
88. Northern, Wash.	108,484,108
89. Volunteer State	108,322,679
90. Shenandoah	100,710,153
91. Amicable	99,096,544
92. Alliance, Ill.	95,978,697
93. Lutheran Mutual	95,919,738
94. Old Line, Wis.	90,873,780
95. American Mutual	90,647,557
96. Bankers National	86,553,017
97. Lamar Life	86,389,181
98. U. S. Life	84,658,477
99. Security Life & Trust	84,485,963
100. Protective, Ala.	84,166,505

### INDUSTRIAL

1. Metropolitan	\$ 8,684,764,531
2. Prudential	7,917,154,860
3. John Hancock	2,059,606,857
4. American Natl.	817,999,818
5. Western & Southern	794,890,824
6. National L. & A.	725,199,866
7. Life of Virginia	421,408,364
8. Life & Casualty	298,940,435
9. Monumental	284,535,343
10. Radley, L. & H.	282,606,727
11. Peoples, D. C.	185,291,325
12. Home Beneficial	148,666,950
13. Gulf, Florida	126,369,510
14. Liberty Life, S. C.	125,692,741
15. Sun Life, Md.	121,446,656
16. Washington Natl.	117,857,746
17. Commonwealth	108,352,153
18. Equitable, D. C.	104,528,941
19. Knights, Pa.	102,528,159
20. Industrial Life	99,754,306
21. Continental, D. C.	99,039,984
22. Colonial	95,778,842
23. Home, Pa.	88,456,079

24. Durham	87,879,260
25. Carolina Life	83,277,492
26. Interstate L. & A.	82,928,500
27. Boston Mutual	79,262,660
28. Atlanta, Ga.	75,914,751
29. Liberty Natl.	72,113,933
30. Pilot Life, N. C.	67,861,196
31. Southern L. & H.	62,392,796
32. Home Security	54,923,115
33. Supreme Liberty	53,821,390
34. Gate City	52,702,173
35. Reliable Life, Mo.	52,004,442
36. Texas Prudential	50,935,425
37. North Carolina Mut.	46,752,619
38. Peninsular	44,712,187
39. Amer. L. & A., Ky.	44,310,789
40. Imperial, N. C.	41,395,496
41. Union Life, Va.	39,730,664
42. Eureka-Md.	38,190,347
43. Bankers H. & L.	34,214,632
44. Home Friendly	31,551,382
45. Empire L. & A.	31,112,768
46. Ky. Central L. & A.	30,682,967
47. Home State, Okla.	29,810,613
48. Afro-American	29,014,904
49. Pilgrim H. & L.	28,601,121
50. Universal, Tenn.	26,844,582

## Phoenix Mutual's New 2½% Rates

(CONTINUED FROM PAGE 3)

birthday. The payor clause is available for children from rated ages 5 through 15 (except in New York where the minimum is rated age 10) and purchasers, usually fathers, whose rated ages are between 25 and 55, inclusive. Retirement income annuity, however, will be written down to rated age 2.

Phoenix Mutual has a new plan of balanced compensation for agents, details of which will be released shortly. Specimen rates and dividends on the new 2½% reserve basis follow:

### PREMIUMS PER \$1,000

	Age	Ann. Life	Pre. Life	Yr. End.	20 Pay Life	End. at 60	End. at 65	Ret. Inc. at 65
20	18.95	30.85	49.62	24.51	22.25	31.13		
21	19.35	31.28	49.70	25.22	22.83	31.99		
22	19.77	31.72	49.78	25.97	23.43	32.90		
23	20.21	32.17	49.87	26.76	24.07	33.86		
24	20.66	32.64	49.96	27.60	24.74	34.88		
25	21.14	33.12	50.06	28.49	25.45	35.94		
26	21.64	33.62	50.17	29.44	26.20	37.06		
27	22.16	34.14	50.28	30.45	26.99	38.25		
28	22.71	34.67	50.41	31.52	27.83	39.53		
29	23.29	35.22	50.54	32.67	28.72	40.86		
30	23.89	35.79	50.69	33.90	29.66	42.29		
31	24.52	36.38	50.84	35.22	30.67	43.80		
32	25.19	37.00	51.01	36.63	31.74	45.41		
33	25.89	37.64	51.20	38.15	32.88	47.14		
34	26.63	38.31	51.41	39.80	34.09	48.99		
35	27.41	39.00	51.63	41.57	35.39	50.95		
36	28.23	39.72	51.88	43.50	36.79	53.08		
37	29.09	40.47	52.16	45.60	38.29	55.34		
38	30.01	41.26	52.46	47.90	39.90	57.79		
39	30.97	42.08	52.80	50.41	41.64	60.43		
40	31.99	42.94	53.17	53.17	43.52	63.30		
41	33.07	43.85	53.58	56.23	45.56	66.40		
42	34.21	44.80	54.04	59.62	47.78	69.79		
43	35.43	45.80	54.56	63.41	50.20	73.49		
44	36.71	46.86	55.13	67.66	55.85	77.55		
45	38.08	47.99	55.76	72.48	55.76	82.01		
46	39.53	49.18	56.46	77.98	58.97	86.94		
47	41.08	50.44	57.25	84.31	62.54	92.41		
48	42.72	51.78	58.11	91.67	66.51	98.53		
49	44.47	53.21	59.08	100.34	70.96	105.41		
50	46.33	54.73	60.14	110.70	75.99	113.91		
51	48.31	56.35	61.32	122.81	81.69	122.05		
52	50.42	58.08	62.63	136.74	88.24	132.24		
53	52.67	59.94	64.06	152.57	95.82	144.05		
54	55.06	61.93	65.45	170.34	104.72	157.95		
55	57.62	64.06	67.40	190.10	115.32	174.00		

### DIVIDENDS ON NEW RATES

	Yr. Age	1st	10th	20th	Endow.	1st	10th	20th	Endow.
20	3.94	5.14	6.11	3.54	5.47	7.69			
25	4.13	5.14	6.37	3.73	5.52	8.01			
30	4.32	5.25	6.81	3.92	5.65	8.46			
35	4.25	5.47	7.40	3.87	5.86	8.99			
40	4.29	5.86	8.06	3.93	6.24	9.58			
45	4.44	6.46	8.64	4.13	6.80	10.16			
50	4.82	7.16	8.93	4.54	7.44	10.66			
55	5.46	7.82	9.57	5.24	8.05	11.38			
20	2.94	6.03	10.21	3.82	5.23	6.55			
25	3.17	6.05	10.35	3.98	5.28	6.96			
30	3.42	6.14	10.53	4.12	5.44	7.61			
35	3.46	6.30	10.74	3.98	5.73	8.50			
40	3.59	6.59	11.01	3.91	6.26	9.66			
45	3.87	7.06	11.36	3.87	7.06	11.36			
50	4.37	7.62	11.78	3.85	8.15	10.96			
55	5.13	8.17	12.32	3.55	9.96	10.96			

Indicates maturity.

For accident and health sales ideas, use the Sales Section of the A. & H. Bulletin. Write The A. & H. Bulletins, 420 E. 4th St., Cincinnati 2, Ohio.

## Upholds Liability Denial in Disability Case

In *Moscow vs. Mutual Life of New York* the Illinois supreme court upheld the company. The suit was instituted to recover disability benefit and the return of premiums paid by plaintiff. The company denied liability because proof of total and permanent disability was not submitted prior to insured's attainment of age 60, which was a condition precedent to the insured's right to benefits in the policy.

One of the questions presented was whether a rider providing for supplementary benefits was inconsistent with the policy provision. The court held that, although the rider modified certain clauses under the benefits and waiver of premiums clauses in the policy, these inconsistencies in no way affected the requirement of proof of disability prior to age 60. Plaintiff also contended insured suffered from loss of his mental faculties, but the court held that under the Pennsylvania law, which is the governing law in the case, insanity does not excuse failure to furnish proof of disability judgment for defendant was affirmed. R. A. Barnett, Chicago, appeared for *Moscow* and *Winston, Strawn and Shaw*, Chicago, for the company.



SIX HUNDRED COPIES OF R & R'S SERVICE RECRUITING BOOKLET, "WHERE ARE YOU GOING NOW?" ARE GOING OVERSEAS, PART OF A COMPREHENSIVE GUIDANCE PROGRAM FOR SERVICE MEN.

SCIENCE RESEARCH ASSOCIATES, a company specializing in vocational guidance, has assembled 600 kits, each kit containing about 200 pieces of literature designed to help service men select post-war vocations wisely. Through the R & R booklet we are glad life insurance is represented.

SURVEYS INDICATE that a surprisingly large number of service men will enter new occupations. The tremendous shift gives life insurance a golden opportunity to rebuild manpower.

BUT THE NATIONAL SALES EXECUTIVE COUNCIL reports that selling manpower must be increased at least 25% to maintain a \$140,000,000 national income, foreshadowing strenuous competition for the service man who shows an aptitude for selling.

IT IS TIME FOR LIFE INSURANCE to address itself definitely to the problem if it is not to be left at the post in the matter of post-war recruiting. Tomorrow may be too late.



PAUL SPEICHER  
Managing Editor

THE INSURANCE  
RESEARCH & REVIEW SERVICE  
INDIANAPOLIS

## Future Mortality Factors Viewed

(CONTINUED FROM PAGE 3)

old age diseases are actually on the increase and that it is somehow tied up with the manner of modern living.

As the population mortality is reduced the effect of selection on the mortality of insured lives is likewise lowered, Pearce Shepherd, second vice-president and associate actuary Prudential, pointed out. There may be the same or even a greater difference between the mortality on accepted lives and the mortality on rejected lives, but the percentage of rejected lives found may become so small as to make some selection procedures uneconomical. Selection of lives for insurance without medical examination illustrates this point perfectly.

The greatest progress in mortality improvement has been made in the prevention of disease and to a certain extent in the prevention of accidents. Improvement in mortality as the result of cures or treatments once disease has struck, is not so pronounced as yet.

### Economic Influence

Economic status has a bearing on mortality. The mortality of the lowest economic group is about 130% of the mortality of the best. At the very youngest ages the mortality in the poorest group economically is four to five times that of the best group. Undoubtedly much can be done to improve mortality among the poorer classes and population mortality will be lowered.

Aviation activities will undoubtedly be increased after the war and the number of deaths resulting from this activity will be larger than we were accustomed to before the war. However, there is room for considerable development before deaths due to aviation become an appreciable percentage of the total accident rate. Mr. Shepherd said he would not be surprised to see, as aviation develops, some decrease in the automobile accident rate; the sum of the two may be no greater than before the war.

Deaths are news. Aviation deaths are spectacular and therefore usually big news. The public will be well informed of deaths resulting from aviation activities, and he believes this is the most important factor in keeping deaths from this cause at a reasonably small figure. Widespread aviation activity depends on demonstrated safety and the public is not going to believe that airplanes are safe until they stop reading about accidents in the headlines.

Much has been learned about safety with respect to the operation of aircraft both by the army and navy and by the Civil Aeronautics Administration of the Department of Commerce. They have found that safety is a matter of education, regulation and supervision and strict enforcement, and when all the rules are followed accidents are rare.

Reduction in automobile fatalities would follow if a similar program of education, regulation and strict enforcement could be effected on the great body of automobile drivers and users in this country. The work of the National Safety Council and other organizations has done much to keep automobile deaths down. Greater efforts will be called for when driving restrictions are lifted.

### More Optimistic Than Cruess

"Taking the long range view of the accidental death rate I am more optimistic than Mr. Cruess but I agree with him that immediately after the war automobile death rates and perhaps even aviation death rates will show substantial increases as the result of the sudden lifting of the restrictions under which we have operated during the war," Mr. Shepherd observed.

"Mr. Cruess is mildly pessimistic about the mortality at the older ages. I cannot see how there can be a decrease of 13% in the over-all mortality rate at these older ages and at the same time be increases in the death rates from heart impairments and cancer. True, the percentage decrease at these older

ages is smaller than at the younger ages, but the absolute decrease in the death rate is just about as great. It may be too much to expect death rates at the older ages to show the same percentage decrease that they do at the younger ages.

### Different Groups Involved

"We should remember that in considering death rates in particular age groups in two widely spaced years we are measuring the ability of different groups to survive. Why should a group which has demonstrated superior ability to survive the illnesses of the younger years of life suddenly at some point become more susceptible to the illnesses of later life? I can see no theoretical justification for it. I am inclined to agree with those who argue that we can expect an improved mortality from those generations brought up with comparative freedom from disease and that when we come to consider the mortality of the offspring of these healthy generations we should expect an even better mortality, and it need not be limited to the very young years of life," Mr. Shepherd declared.

## ANNUITY SITUATION

Although the long-time outlook is heartening as far as death benefits go, the mortality situation raises questions for broad management concerning annuity and life income options guaranteed in insurance contracts, Ross B. Gordon, vice-president State Mutual Life, pointed out in discussing Mr. Cruess' paper. Although there has been relatively less improvement in older age mortality, since great attention is being given diseases of older age, it would hardly be justifiable to predict no future improvement despite the adverse factors pointed out by Mr. Cruess.

The improvement in mortality at older ages among annuitants is substantially greater than among the general population group. "While the insurance companies have evidently been doing a good job of selecting lives, the annuitants appear to have done a better job even when the fact that the annuity selection is usually made later in life is discounted. Perhaps this may be attributed to the fact that insurance selection at the higher ages, in choosing a homogeneous select group of insurable lives, allows for a certain amount of aging, such as higher blood pressure, greater weight, and the like, while the annuitant is not only unusually well informed but very severe in his selection standards because of his peculiar financial interest."

Among the most important functions served by the medical examination is the detection of early signs of degenerative disease, Mr. Gordon pointed out. The issue of non-medical business is restricted to the young ages where the early signs of degenerative disease are unlikely to show even upon examination. Any tendency toward the increasing of the age limit for non-medical should be watched carefully.

The physical, emotional, and nervous strain of war is undoubtedly "aging" a large segment of the population, both civilian and military, at a more rapid rate than would normally be the case. This rapid "aging" may have a pronounced effect on the general mortality for the next generation, Mr. Gordon said.

Joseph Hoffmann, who before entering the service was editor of "The Prudential," company magazine published for Prudential policyholders, has been assigned as a combat correspondent for the 5th army in Italy. He is a veteran of the North African and Italian campaigns. He will write a series of stories for publication in this country.

## Harmony Slate Elected by National A. & H. Association

(CONTINUED FROM PAGE 3)

on behalf of that committee to abrogate the requirement that amendments to the constitution must be submitted 60 days in advance, which was offered to make possible any changes that might be found necessary if the committee had sought to put its program in effect immediately, was withdrawn. It had aroused considerable opposition, especially from the constitution committee.

### Kansas City Keeps Trophy

Kansas City for the third successive year won the Ferguson Trophy, offered to the association making the best all-around activity record for the year, thus giving it permanent possession of the trophy. It was presented by Purl E. Ansel.

The attendance was especially good. All sections of the country were well represented and most of the mid-western associations had a half-dozen or more members in attendance, with 15 from Kansas City.

The St. Louis people had prepared an excellent program, which none of the sessions overloaded, and set a new record by carrying everything through right on schedule, starting and concluding every session at the appointed time.

The Leading Producers Round Table elected R. B. Smith, Great Northern Life, Oklahoma City, as chairman, succeeding Gilbert H. Knight, Federal Life & Casualty, Cleveland. Walter J. Sullivan, Monarch Life, Cleveland, was named vice-chairman and Charles B. Stumpf, Illinois Mutual Casualty, Madison, Wis., secretary. Chairman Knight announced that the organization now has 215 members.

A change was made in the requirements for qualification for the round table, setting up three classes of qualifiers. In Class A, the requirement is \$3,000 in premiums for the year, with life membership for those qualifying three years out of five.

In Class AA, managers and general agents who have two men qualifying for the Round Table may obtain membership on that basis. They can also qualify, of course, through personal production. Class AAA, master members, covers agents with \$25,000 of annual premiums in force and managers of general agents with \$100,000.

## G.O.P. Adopts Insurance Plank

(CONTINUED FROM PAGE 1)

and Donald McVay, president Ohio Farmers and Ohio Farmers Indemnity.

With the exception of the two-term amendment, the insurance plank received the most spontaneous applause at the convention.

### Slattengren, Nelson Honored

Mutual Trust Life's two day sales meeting at Minneapolis for agents from Minnesota and northern Wisconsin and Iowa was attended by President Raymond Olson; Vice-president A. B. Slattengren; Paul S. Nelson, manager western department, and Stacey B. Merchant, assistant manager. Paul L. Chelgren, Minneapolis manager, was host.

Vice-President Slattengren was presented with a 35 year service pin. The agents had staged a drive for Mr. Nelson, formerly Minnesota manager, and presented him with a sizable volume of business.

For accident and health sales ideas, use the Sales Section of the A. & H. Bulletin. Write The A. & H. Bulletin, 420 E. 4th St., Cincinnati 2, Ohio.

## Lockhart Assails Venture Capital Suggestion

DALLAS—O. P. Lockhart, Texas life insurance commissioner, addressing a luncheon meeting of the Dallas Association of Building Owners & Managers, offered criticism of the recent United States Supreme Court decision that insurance is commerce. Mr. Lockhart said that the decision marked the end of the states' rights to determine the conduct of the insurance business within their own borders. Republic National Life was host at the luncheon.

Mr. Lockhart said that federal authorities have shown a desire that insurance companies be permitted to invest in so-called capital ventures such as office buildings and apartment houses, a move which would be completely contrary to Texas laws. He read a letter from the Department of Commerce asking about the possibilities of private investments by insurance companies in postwar housing. Commenting upon the letter, the commissioner said:

"Our lawmakers thought the interest of Texans was best served if the life insurance companies which hold in their possession something like a billion dollars of Texans' savings were allowed to advance these funds only to private individuals or collections of individuals to finance their capital propositions. From my letter from the Department of Commerce, you can readily discern that Washington desires to overturn this philosophy of thought."

## Show Increase in Debit Men's Earnings During War

In the report of the majority of the panel in the case of John Hancock Mutual Life and United Office & Professional Workers of America, CIO, some interesting figures on average earnings of John Hancock debit men are brought out. As of April 30, 1943, the average weekly premium debit for John Hancock agents was \$442, which was about \$33 more than the average on December 31, 1940. The average monthly debit on April 30, 1943, was \$236 as compared with \$121 on December 31, 1940.

It was agreed between the parties at the hearing that the average earnings during the last quarter of 1940 were \$45.40 per week and during the first quarter of 1943 they were \$55.97.

Also included in the discussion are comparable wage rates of Metropolitan and Prudential. For the first quarter of 1940 the average for Metropolitan is given as \$50.07 and for Prudential \$51.09. For the first quarter of 1943, the Metropolitan figure is \$61.23. There is no figure given for Prudential for that period but for the fourth quarter of 1942 it was \$58.43.

### Recommendations to NWLB

The panel recommended to the National War Labor Board that the latter issue a directive order that the company and union determine mutually within 30 days after the date of the directive the basic under which a 48 cent weekly wage increase should be applied; that John Hancock within 30 days of the directive order peg its lapse rate at 15 cents per \$100 of debit and that the award shall be retroactive to May 5, 1943.

The question of the disposition of the retroactive payments is currently under discussion. Tentative agreement was reached that this should be paid into the union treasury for lawyers and other expenses but a hitch has developed in that program.

Alden Smith, former million dollar producer of the E. T. Proctor agency of Northwestern Mutual in Nashville, has been advanced to major with the army air forces troop transport command in England.

John R. Kranz, supervisor of the insurance division of the real estate department of Mutual Life, has been commissioned a lieutenant (j.g.) in the naval reserve.

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## U. S. Life Official Pictures Field for Overseas Expansion

There is a very legitimate need for life insurance coverage in American companies on the part of persons in foreign countries, and after the war there will be an expansion in this direction because it is likely that the United States will take a leading part in international affairs, said Dr. J. Albert Avrack, vice-president and medical director of United States Life, in his talk on "World Wide Underwriting" at the medical section of the American Life Convention.



Dr. J. A. Avrack

Dr. Avrack's talk was of timely interest and he was especially well qualified to discuss the subject in view of United States Life's expansion overseas in recent years. He outlined the health conditions and availability of medical examiners in the countries outside the North American continent in which United States Life does business.

### Origin of Overseas Business

Some of the overseas business originates in the United States among persons going to foreign countries on business either temporarily or permanently. These applicants prefer insurance in a United States company. Also a great deal of business is developed abroad by American agencies on the lives of foreign residents there. Likewise natives of these countries often want their insurance in American companies because they believe them to be more stable than

the domestic carriers. Thus for various reasons there exists an ever-increasing need for American life insurance abroad even though the war has temporarily disturbed a large part of such transactions.

Reassuring those who might have doubts about sanitary and health conditions abroad, Dr. Avrack pointed out that in recent years the governments of all countries have finally awakened to the realization that the health of the people is essential to their welfare strength and happiness. Even in China, which has a death rate about 2½ times that of the United States, there has been sufficient improvement in the health conditions and hospital and medical facilities in the cities so that it is entirely practicable to write life insurance on residents there.

### City Dwellers Chief Buyers

In fact, practically all life insurance sold in China is purchased in the large cities where about 16% of the population is to be found. Most of these city dwellers are financially better off than those in the rural sections. It is now necessary to charge 150% to 175% of the standard premiums but as the Chinese national mortality improves, Dr. Avrack said, the rates now charged will eventually be reduced correspondingly and it will be possible to write larger amounts on more people.

Premium rates charged in the far east by United States Life and Asia Life were loaded 50% to 100% over and above standard mortality as it is known in the United States. The actual mortality experience of these companies in the far east approximated only 60% of the American experience table without allowance for the additional mortality loadings. If the expected mortality were measured by a table allowing for these additional loadings the ratio of actual to expected would be considerably more favorable. Dr. Avrack described in some detail the work that is being done in China to promote better medical service, health condition and hospitalization. There is great hope of improvement, for the five principal causes of death in China are due to diseases which are largely preventable: smallpox, dysentery, typhoid, tuberculosis and cholera.

### WAR HAZARD

"Unless one realizes that the excessive sickness and high death rates are to be found mainly in the rural areas, and that the premium rate is on an approximately 175% basis to start with, it would be difficult to understand how a life company could do a profitable business," he said. "It must likewise be borne in mind that life companies doing business in China have always been aware of the possibility of war. Some of the companies, including our own, operating in China, included in all policies a clause including the military service hazards."

In discussing Hawaii, Dr. Avrack said that the sickness and death rates tend to differ in different races or marital combinations of these races, which is not unlike the experience with different races in continental United States. The statistics issued by the Hawaii board of health have provided an efficient guide for underwriting. For example, the tuberculosis rate varies markedly for different races, having been highest among the Japanese soon after they migrated to the islands some years ago. However, after they became acclimated, their offspring showed far less susceptibility to this malady.

In comparison with the United States, Hawaii shows the lowest death rate from heart disease but this may be due

to the average age of its population being younger, although another factor, Dr. Avrack said, may be the low prevalence of rheumatism, scarlet fever and other infectious diseases that damage the heart.

Health conditions on the large plantations of Hawaii are exceptionally fine.

### Conditions in South America

Turning to South America and incidentally Dr. Avrack personally visited all the countries which he discussed—he said that there are medical schools in all the Latin-American republics except Costa Rica but in most of these countries there is only one.

Health authorities consider that even during wartime the minimum number of physicians in proportion to the population for civilian safety is 1,500 persons to one physician. However, nearly all the South American countries run far in excess of that figure, the exceptions being Argentina (1,136), Cuba (1,372), and Uruguay (1,437). Among the highest are Haiti with 10,913, Guatemala with 10,523, Bolivia with 7,581, and El Salvador with 7,066.

Dr. Avrack said that medical science has done much to eradicate the dreaded pestilent tropical diseases such as yellow fever, plague, small pox, and typhus, that were rampant killers of but a few decades ago. Also, modern engineering has made sanitary water supplies available throughout most of the South American countries. Dr.

Dr. Avrack also described conditions as they existed before the war in the Philippines.

When United States Life decided to

expand its foreign business in 1936 Dr. Avrack, as medical director, realized the need for cooperative, qualified and trustworthy examiners. It occurred to him that if all companies doing business in any given country combined their efforts to choose and train physicians as good examiners everybody would benefit by it. As a result there was published through the combined efforts of the Sun Life of Canada, Manufacturers Life, Confederation Life, Canada Life, Crown Life, Imperial Life, Pan-American Life, Asia Life and United States Life an international medical directory of foreign examiners which, up to the present war listed names, qualifications and pertinent data of 8,200 foreign medical examiners in almost every part of the globe outside of the United States, Canada and Europe.

### TRAVENICK'S VIEWS

In operating in the far east life companies should recognize that there are two general classes of population there, the well-to-do and the appallingly poor, the latter constituting at least 90% of the total, Dr. J. Travenick, medical director Occidental Life of California, pointed out in discussing Dr. Avrack's paper.

As the poor never have insured and never will, "90% of those applying for life insurance are intelligent, financially stable, live in surroundings comparable to our surroundings and in general good moral risks," he continued.

"All policies in China were issued on the basis of an increased mortality load-

LITTLE HUMAN TOUCHES MAKE THE GREAT INSTITUTION



### The Story of His "Soldier" Boy

One day, a father watched his boy making a gun. The father grew troubled. "Ah!" he sighed. "Some day, that gun may be real." Then, a friend made him think. "True, your boy may fight or fly for his country. But still you can protect him in one way." "How?" asked the father. "By giving him now what he might never be able to get again, after the war is over," said his friend, who was a life insurance agent. "Do you mean life insurance?" asked the father. "But at his age?" "Yes. If he is now under 15½, my company will still insure him against any dangers." "Even against war?" "Against any dangers whatever."

"And the cost?" asked the father. "At his age, it is small. It stays small all his life. And his policy has a 'cash value' which grows into an estate for him." "Then this," decided the father, "is not just insurance against the future—but for the future, too!"

QUESTION: Which life insurance company insures boys through all future fighting, flying and other dangers?

ANSWER:

### THE MUTUAL BENEFIT LIFE INSURANCE COMPANY

NEWARK, NEW JERSEY

(FROM OUR SERIES OF ADVERTISEMENTS IN NATIONAL MAGAZINES)

## GROUP REPRESENTATIVES WANTED

Chicago, Detroit, Pittsburgh, St. Louis, Los Angeles, Kansas City, Memphis, Houston, Birmingham, Tulsa, Oklahoma City and Little Rock.

Permanent salaried positions with commissions on personal Ordinary and Commercial Accident and Health production. Progressive advancement.

Individuals under forty years of age preferred.

Training in sale of Group coverages desirable, but not essential.

Inquiries invited from multiple line agents and brokers.

Cover by letter your educational and business background, sales experience, age, family and draft status, and salary wanted. If possible, supply Kodak picture.

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The National Underwriter  
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Chicago 4, Ill.

ing. Our last rates on Chinese in North China carried an additional 37½% extra mortality, while there was a 75% loading on Chinese lives in South China. Policies on Caucasian lives were accepted with an extra 12½% mortality in North China and 37½% in South China. Business written in China has a very low lapse ratio as compared with American standards. This, together with the noted mortality loading, has proven to be a profitable business."

#### Experience on Binders Good

Dr. Travenick said that in the practical handling of life business in distant points it is very important to establish the proper routine that will reduce delays to a minimum. Occidental had an arrangement for the issuance of temporary binding policies so as to give the policyholder immediate protection until the home office could act but this privilege or protection was limited to four months. Only one death claim against a temporary policy has been received by Occidental since it started to do business in China.

The most common impairment found in China is underweight. This characteristic build of the Chinese may be the underlying cause that results in the higher general mortality experience of this group. The average blood pressure of the Chinese is lower than that of Europeans or Americans and hence the limits of standard systolic and diastolic blood pressure readings applicable to Caucasian lives are too liberal for adoption on Chinese lives.

#### Tuberculosis at Older Ages

The tuberculosis rate is not only much higher among the Orientals and Filipinos, but the classification by age groups is entirely different from the usual conception in dealing with Caucasians. The highest death from that cause in the Philippine Islands seems to occur in the age group 40 to 59, and is still quite high in the 60 to 69 age group. Orientals in those upper age

groups with pulmonary tuberculosis are a long time in dying, as compared with the active cases occurring earlier in life, provided they are given a fairly reasonable chance to combat the disease. However, the large bulk of the Chinese have no chance to take care of this disease with even the most simple care, a higher general mortality rate resulting.

Syphilis is very excessive among Chinese in China and the many complications of this disease must be looked for. Dysentery is endemic in China and the greater part of the Chinese population are victims. While this disease has a high mortality among the Caucasians in the Orient, the proportional death rate among the Chinese is definitely more favorable.

Use of alcohol has given little concern in China since there seldom is any occasion to place a risk into a higher mortality group because of drinking.

In Hawaii the tuberculosis death rate is much higher than in the continental United States. Overcrowding and longer working hours due to war conditions are contributory factors. Syphilis seems to be on the increase in Hawaii with a rate of 355 new cases in 1943 on the sugar plantations. The pneumonia death rate was about the same as in 1942, the rate for both years being much higher than in the continental United States. The territory's experience relative to degenerative diseases was almost identical for the past two years while the suicide rate was somewhat less than for the continental United States.

#### MONTGOMERY'S VIEWS

Many factors are involved in the successful underwriting of life insurance in tropical countries, R. C. Montgomery, medical officer Manufacturers Life, pointed out in the discussion. "The people very often have little knowledge of their family history. It is difficult to get proof of age. There is a different

standard of morals. Medical supervision is not so rapidly available, there are fewer hospitals, and public health measures are not so well established. Men experienced in the laws and customs of these countries are absolute necessities on account of these factors, as well as different languages and currencies. The character of the managers of our branches and their agents plays a very important part in the mortality which will be experienced.

"At first our practice was to form a connection with one of the strongest and most popular British or American firms in the areas where we wanted to do business. They acted as local representatives, sponsored the company and collected premiums. In a number of places, such as Hawaii, we are still represented by local firms. In other places, such as Egypt, West Indies and South America, we now have branches supervised by a branch manager and a resident secretary.

"The head of the firm representing us or our branch manager, has a very different position from men in similar positions at home. The branch manager in fields abroad holds the company's power of attorney and is charged with the general administration of local affairs, as well as production and selection of new business. The position requires a man of absolute integrity and executive ability. He is expected also to be able to organize and develop a sales force which is often made up of many different nationalities. He must be familiar with both European and native communities and languages.

"Most of our managers are appointed from our own ranks where we have had ample opportunity to observe their qualities and capabilities. In addition, in most of our offices we have a head office trained man in the position of resident secretary. He has had some training in the selection of risks and is responsible for all the office procedure, records and correspondence.

"Our managers and secretaries are ordinarily of British, American or Canadian nationality. Occasionally a manager is appointed from the local community when we have had an opportunity to judge his character and ability. Very often the secretary is moved up to the manager's position when a vacancy occurs. Our field force is made up of both natives and Europeans and we endeavor to restrict our selling staff to whole time representatives.

"Fields abroad are controlled directly from the head office. They are visited periodically by head office officials, such as the general manager, actuary, medical officer and secretary. The real point of contact, however, is the superintendent who visits them at frequent intervals. He has to be a good general representative of all departments and acquires a working knowledge of all branches of the business."

#### Fraud Relatively Uncommon

Dr. Montgomery said that the largest proportion of his company's foreign business has been on European and American lives, along with natives whose mode of living is based on European standards, namely, professional and merchant classes. He also pointed out that because of the distance from the head office it is necessary to do some selection of risks on the spot and to issue an interim policy. Usually when the branch manager or the secretary issues an interim policy it is good for five months but in some places, such as the West Indies, it covers only a 60-day period. Interim policies with a rating may also be issued, as the company has felt it wise to give the men in the foreign branches enough information concerning sub-standard business for them to know what the probable rating will be. However, if the application or the total risk including old policies in force, is for \$25,000 or more (single or total) a cable must be sent to the home office for permission to issue the interim policy. If the information seems satisfactory the head office will cable permission to issue the policy. Dr. Montgom-

## L.A.A. Chicago Program Perfected

R. E. Sylte, War Production Board, Chicago, will address the North Central Round Table of the Life Advertisers Association on "What To Do About Paper," at the meeting in Chicago July 10-11.

W. T. Plogsterth, director of field service Lincoln National, will speak on "The Service Man—Our Old & New Agents."

At luncheon July 10, George Pease, Equitable of Iowa, round table chairman, will preside, and Bart Leiper, Provident Life & Accident, president of L. A. A., will report.

At the afternoon session Kenneth K. Wunsch of Northwestern National will preside. R. B. Reynolds, secretary American Mutual, will discuss the winning exhibits. Don Ross, "Successful Farming," will speak. A panel discussion will be held on sales to farmers.

At the morning session July 11, Clyde W. Ferguson, Union Central Life, will preside. Speakers will be Sylte and Plogsterth. A round table discussion will be held on "Let's Review Our Job." In this panel, Francis J. O'Brien, Franklin Life, will discuss "Our Job as House Magazine Editors." K. C. Neuhaus, Washington National, will talk on "Our Job as Contact Men with Those in Service." Albert F. Randolph, Penn Mutual, will discuss "Our Job as Direct Mail Advertisers." Powell Stamper, National Life & Accident, will talk on "Our Job as Sales Promotion Men," and John S. Murphy, Northwestern Mutual Life, "What We Want on the Firing Line."

Mr. Pease will give an address, "What's the Score?"

ery revealed that electrocardiograms and six-foot plates are available in most of his company's branches and are required for certain ages and amounts.

While cases of attempted fraud have occurred in the foreign fields these have been relatively uncommon. "This is rather remarkable," he said, "as we have represented among our field forces and our policyholders, individuals from almost every race and creed. Absence of trouble has been due chiefly to the type of men who supervise our business."

Underwriting business in the West Indies is greatly facilitated by the availability of inspection reports but the company does not enjoy the benefit of such information in Bermuda, British Guiana, Great Britain, Egypt, South Africa or Asia.

An interesting angle that Mr. Montgomery brought out is that 65% of his company's business on sub-tropical and tropical rates is on the endowment plan, while this type of insurance predominates in all foreign fields. In Great Britain, Egypt, South Africa, Bermuda and Newfoundland 48% of the business is in endowments. He also stated that underwriting insurance in sub-tropical and tropical countries demands a knowledge of many factors, such as tropical diseases, sanitary conditions, climate and possibly most important, an understanding of customs, laws and currencies of the people whom the company insures. It is probably true that most white persons in those warmer climates drink more alcoholic beverages than we who live in the temperate zones. In most instances, this factor must be covered by the experience of the local representative as in many places no inspection reports are available. In most of the places where the company has branches, public health measures have added greatly to the general health of the people, with resulting favorable reaction on mortality. Similarly most tropical diseases are well treated at the present time, he said.

Manufacturers Life wrote its first policy outside the continent in Bermuda in 1893 and its first Asiatic contract in 1897. Originally rates were home rates plus 50% but a new table of foreign rates was developed later.



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**LIBERTY NATIONAL**  
**LIFE INSURANCE COMPANY**  
BIRMINGHAM, ALABAMA  
FRANK P. SAMFORD, PRESIDENT

## Rul Ow on

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## Rule on Stock Ownership Effect on Pension Plans

The internal revenue bureau has handed down three rulings that are intended to clarify the stand that is to be taken in approving pension plans. These rulings, it is believed, are intended to overcome certain objections that were advanced at the recent hearings of the Senate finance sub-committee on pension trust regulations.

Although these rulings are made in connection with specific situations they illustrate the percentage limits that are applied in consideration of the plan. The text of the rulings is:

### Rulings Given

1. (I. T. 3674). "Advice is requested in regard to a limitation, if any, under which a pension or profit-sharing plan which requires contributions to provide benefits for employees who own stock of the corporation shall not be considered to be for the benefit of shareholders, for the purpose of qualifying the plan under Section 165 (A) of the internal revenue code, as amended. Advice is also requested whether, for the purpose of determining stock ownership, an individual shall be considered as owning the stock owned by the spouse and minor lineal descendants of such individual.

### 10% and 30%

"A pension or profit-sharing plan shall not be considered to be for the benefit of shareholders if contributions which are required to provide benefits for employees, each of whom owns, directly or indirectly, more than 10% of the voting stock of the corporation, do not exceed, in the aggregate, 30% of the contributions for all participants under the plan. For the purpose of determining stock ownership an individual shall be considered as owning the stock owned by the spouse and minor lineal descendants of such individual.

2. (I. T. 3676). "Advice is requested whether contributions provided under the pension plan of the N company, which became effective Jan. 1, 1944, meets the requirements of section 165 (A) of the internal revenue code, as amended, and section 29.165-1 of regulations 111, with respect to contributions to provide benefits for employees who are shareholders.

"All employees of the N company having five years or more of service are covered by the plan. No contributions are required by the employees in order to receive benefits under the plan. The plan provides annual retirement income equal to 1% of the amount of the employee's salary for each year of service with the employer, commencing on or after Jan. 1, 1944. It also provides for benefits for each year of service prior to effective date of the plan equal to .75% of the employee's salary as of such date. The normal retirement age is 65.

### Two Own 50%

"The company has 102 employees, of which number 17 were covered by the plan. Two of the employees covered are shareholders who own 50% each of the outstanding stock of the corporation. Contributions to provide benefits for the two shareholders total \$7,000, or 53.3% of total contributions of \$12,000 for all participants. The balance of \$5,000 is used to provide benefits for the 15 non-stockholder employees.

"It is held upon the above stated facts, that the pension plan of the N company fails to meet the requirements of section 165 (A) of the internal revenue code, as amended, and section 29.165-1 of regulations 111, with respect to contributions to provide benefits for employees who are shareholders.

3. (I. T. 3675): "Advice is requested whether the pension plan of the M company, which became effective Jan. 1, 1944, meets the requirements of section 165 (A) of the internal revenue code, as amended, and section 29.165-1 of regulations 111, with respect to contributions to provide benefits for employees who are shareholders.

"The M company has 89 employees, of which number 47 are covered under the plan. Of the participating employees, one owns 50% of the voting stock of the corporation, another is the husband of a stockholder who owns 39% of such stock and a third owns 8%, and 3% is owned by his minor son.

"The plan provides for benefits at retirement age 65, which may be purchased by accumulated contributions equal to 5% of the employee's salary for each year of service with the employer, on or after Jan. 1, 1944. Contributions to provide such benefits for the 44 employees who own no stock of the corporation, directly or indirectly, total \$10,000, and such contributions for the three other employees, who are included in the stockholder group, total \$3,100.

"It is observed that the contributions which are required to provide benefits

## Commissioners Are Sending Up Trial Balloon

A tentative memorandum has been prepared by the executive committee of the National Association of Insurance Commissioners for the purpose of testing and securing a response in regard to certain principles of state supervision, Commissioner McCormack of Tennessee who is vice-president of the commissioners' association, announces in a mimeographed bulletin. The memorandum states that the existence in the state of the full power and jurisdiction to supervise, regulate and tax the insurance business is confirmed except that no state law providing for such supervision, regulation or taxation shall prevail over any law hereafter enacted by Congress which by its terms specifically applies to the insurance business.

Secondly, the memorandum states that no law heretofore enacted by Congress relating to commerce, to the production of goods for commerce or acts affecting commerce shall apply to the insurance business or to any persons, firms, associations, etc., engaged therein unless such application has been expressly provided for by Congress.

Already, Mr. McCormack states, various Senate and House leaders have been approached in regard to this statement of principles and a friendly and co-operative response is expected. There may be opposition to any attempt to exempt insurance from such legislation as the wage and hour bill or other labor legislation and it is also likely to be contended that "under the anti-trust laws no exemption should be overly broad so as to allow nefarious monopolistic or unfair practices beyond the authority of state law to regulate to exist without the power of the federal government to police."

Mr. McCormack said there is considerable opposition to the Bailey-Walter bill to exempt insurance from the anti-trust laws in the Senate. He said that he has been informed that advocates of this bill will accept amendments that will eliminate objections arising from exempting insurance companies from social or labor legislation or giving them excessive freedom of action "particularly in the field of nefarious and unreasonable monopolistic rate making."

Mr. McCormack urges citizens to insist that their Washington representa-

tives take what action is necessary to prevent dislocations in the insurance business. Unless such positive influence is exerted creation of a federal insurance supervisory bureau may eventuate. Mr. McCormack states that Attorney General Beeler of Tennessee has agreed to cooperate in every way possible to obtain a rehearing in the Supreme Court of the S.E.U.A. case.

For employees, each of whom owns, directly or indirectly, more than 10% of the voting stock of the corporation, do not exceed, in the aggregate, 30% of the contributions for all participants under the plan.

"On the basis of the above observation, the pension plan of the M company meets the requirements of section 165 (A) of the internal revenue code, as amended, and section 29.165-1 of regulations 111, with respect to contributions to provide benefits for employees who are shareholders."

Internal revenue officials predict Senator Taft's amendment to prohibit integration of pension trust plans with social security will be abandoned. The bureau has not had formal hearing before the Radcliffe finance subcommittee. Congressional recess plans, officials say, will give the department and insurance and pension trust interests opportunity to work out problems. The department is working on new regulations or amendments which, officials say, will meet certain objections.

At a recent conference lasting until midnight, a number of high internal revenue bureau officials are reported to have decided in favor of relinquishing to a material extent, the bureau's formula requiring pension trust integration with social security. An I. T. from the bureau along this line is expected in the near future by some pension trust interest representatives. This might make the Taft amendment unnecessary it is believed.

They also look forward to issuance of new internal revenue rules governing profit-sharing plans.

tives take what action is necessary to prevent dislocations in the insurance business. Unless such positive influence is exerted creation of a federal insurance supervisory bureau may eventuate. Mr. McCormack states that Attorney General Beeler of Tennessee has agreed to cooperate in every way possible to obtain a rehearing in the Supreme Court of the S.E.U.A. case.

### Los Angeles Trust Council Elects

The Life Insurance & Trust Council of Los Angeles has elected these officers: President, F. H. Kerns, Union Bank & Trust Co.; vice-president, Martin I. Scott; secretary-treasurer, Howard H. Rolapp, Metropolitan Trust Co.; executive committee, Henry E. Belden, Union Central Life, retiring president, and Harold S. Parsons, Travelers.

### Join Presidents Association

Atlas Life of Tulsa and Business Men's Assurance are now members of the Life Presidents Association.

Life & Casualty is putting into effect July 1 a non-contributory hospital expense and surgical benefit plan for all home office employees and agents.

### Maurice Benson to Enter Practice at K. C.

Maurice Benson, assistant general counsel of the American Life Convention, is leaving the organization to go into law practice in Kansas City.

### Allison Resigns as Tenn. Actuary

Sinclair E. Allison, head of the actuarial department of the Tennessee department since 1939 and before that with Pan-American Life, has resigned effective July 15. Announcement of his new connection will be made later. He is a fellow of the American Institute of Actuaries and an associate of the Actuarial Society of America.

### N. Y. Banks Write Children 1 Month

The trustees of the New York savings banks life insurance fund have authorized the writing of children's policies beginning at the age of one month. Children of all ages from one month to 14½ years can be insured, without medical examination, on all the usual plans. Previously children have not been insured by the savings banks until they reached six months of age.



## SUPER PRODUCTION!

The rooster's stumped . . . the hen's amazed. . . . Something new has been added in a big way! But the ostrich knows the answer. ■ Juvenile . . . sub-standard . . . mortgage commissions will surprise you, too, besides going a long way in keeping up with today's higher cost of living. (Is there anyone who wouldn't welcome an added income, especially now?) And we have the answer. ■ We will show you how to develop this business from your own clients; we'll help you sell . . . and the extra income dollars are all yours, free and clear, with no strings attached. All it takes is a card or letter addressed to Rolland E. Irish, president. . . . Simple, isn't it? Write today.

**UNION MUTUAL**  
LIFE INSURANCE COMPANY

Portland **MAINE** Home Office



## EDITORIAL COMMENT

### Reflection on State Supervision

In reflecting upon the record of state supervision and the adjustment to it on the part of the industry, a remarkable fact is the almost complete absence of litigation instituted by the insurance business, testing the validity of this or that law or other collisions between the authorities and the governed. That may seem to be a negative virtue but its importance in the orderly and harmonious conduct of the business can be appreciated by visualizing the condition of turmoil that would exist if various elements of the insurance business regularly were taking the insurance commissioners to court over laws and departmental rulings.

This workable situation did not come about by chance but rather by the definite, although perhaps not categorically stated, policy of the business to aid the authorities in working out solutions to troublesome problems. Litigation is the last resort and that course is rarely taken. Whenever and wherever trouble arises, the industry is on the spot and is ready to sit down with the authorities and work out a fair solution. This does not mean that the industry representatives are pouring oil on the waters. They go into these conferences prepared to make adjustments and give ground. It is not merely a matter of talking a commissioner out of something. They bring with them information, knowledge

of how similar problems have been met elsewhere, willingness to cooperate in expediting the carrying out of regulations that may not be to the liking of the companies. Met by this approach it is the rare commissioner who adopts a captious attitude. The companies are not asking for what they are not entitled to. As a matter of fact, more often than not they are submitting to conditions that they might escape if they chose to go to court or even by taking an uncompromising stand.

A corps of men has been developed to handle legislative work and relations with departments that is of the highest caliber. These men possess a wealth of knowledge, they are honorable and capable, they are skilled in human relations. They are the ball bearings that help to permit the insurance wheels to go around in the framework of state supervision with an absence of friction that is very much in the public interest.

We doubt very much if the same type of relationship between a federal insurance agency and the industry could be developed except after several years of litigation. If a federal bureau eventually should be set up, it could be said that it originated in a lawsuit and in its early years, at least it seems likely that the operations would be an answer to the lawyer's toast: "May litigation flourish and discord never grow less."

### Reassurance That Doesn't Reassure

It is reassuring to know that Secretary O. L. DuBois of the Securities & Exchange Commission has heard of no suggestion from the SEC for legislative action to regulate insurance company investments. Yet beyond a feeling of relief at being told that the SEC is making no immediate plans to take advantage of the S.E.U.A. Supreme Court decision in order to have supervision over insurance investments placed in federal hands, life insurance people will probably not find their misgivings swept away by Secretary DuBois' statement.

The TNEC investigation of a few years ago brought out little about life insurance that was not already known but it revealed plenty about what the SEC thought of the life companies' investment policy and how it should be altered to conform more closely with the ideas of the planned economy experts. The SEC, which put on the life insurance show for the TNEC, clearly had no liking for the companies' conservative investment program and their

refusal to put out their funds to any great extent as venture capital. Like Senator O'Mahoney, TNEC chairman, the SEC representatives felt that the life companies were making it easy for big, solvent corporations to borrow money on their bonds but difficult for the small business man to obtain working capital.

So long as there is a strong element in Washington which holds the view that life insurance investments should be regulated not so much with an eye to safety as to the promotion of the social and economic theories which those in power hold there is little reason for life company people to feel any assurance that the economic planners will not rally their Washington forces to drive through the breach which the S.E.U.A. decision has opened and get as far as they can in gaining control over the way life companies shall be permitted to invest their funds.

The fact that no immediate steps are being taken in this direction should not

lull anyone into a pleasant feeling that no attempts will be made. Even if the planned economy boys were champing at the bit to take over the supervision of insurance investments the cooler heads would probably hold them back until after election for it is already clear that many life insurance policyholders are alarmed about the possible effects of the S.E.U.A. decision on their life insurance holdings and it might be politically disastrous to spread such fears by seeking to tamper with the investments on which life insurance is based.

It is not surprising that many policyholders are concerned about their insurance. In his book, "Freedom from Fear," published shortly before the

S.E.U.A. decision, L. H. Pink, former New York insurance superintendent and now president of Associated Hospital Service of New York, said that many people are against federal regulation because they fear that federal regulatory authorities might use their power to influence company investment policy along the lines of the economic theories of those in control. Mr. Pink's statement takes on added weight because of his temperate, judicial character and his freedom from any tendency to sensationalize. It can be chalked up as another strong reason for believing that the last word on federal regulation of life company investments has not yet been said.

## PERSONAL SIDE OF THE BUSINESS

Staff Sgt. Alexander MacArthur, the 21 year old son of **Alfred MacArthur**, president of Central Life of Chicago and Plain Dealers Mutual Casualty, and Mrs. MacArthur, is reported missing over Italy. He was a gunner on a Liberator bomber. He was a sophomore at William & Mary College when he entered the army March 12, 1943. A brother, Edward MacArthur, 23, is a corporal stationed in New Caledonia.

**Oliver R. Beckwith**, vice-president and general counsel of Aetna Life, has been reelected president of the Hartford Chamber of Commerce.

Five members of the **Russell P. Thierbach** agency of Northwestern Mutual Life at Cleveland have qualified for the Million Dollar Round Table. They are Henry Haiman, John Doyle, Charles Dibble, Frank McFarlane and Eugene Klein. The latter two are life members by reason of having exceeded the \$1 million mark in production for three consecutive years. Mr. Haiman and Mr. Doyle are members for the first time, while this is Mr. Dibble's second year in the round table.

**John H. Guthery** of the Marion agency of Ohio State Life this week commemorated his 80th birthday and his 26th anniversary with Ohio State. He is the company's oldest active agent and a member of its oldest agency. He is now writing insurance on the third and fourth generations of families he wrote when he first entered the business. He is said to have the highest renewal rate of any agent of the company.

**Tom B. Reed**, Great Southern, Oklahoma City, immediate past secretary and current vice-president of the Oklahoma City Association of Life Underwriters and former trustee N.A.L.U., is in the hospital for observation.

**Horace A. Hildreth**, director of Union Mutual Life, Portland, Me., won the Republican nomination for governor in the primary election. He is virtually assured of election in September. He is a partner in a prominent Portland law firm, and is serving his third year in the Maine legislature as president of the senate.

**R. L. Hogg**, whose appointment as manager and general counsel of the American Life Convention was announced last week, is in Chicago this week. Among other things he and Mrs.

Hogg are looking for a place to make their home. They have a daughter, 14, who is a student at Salem Academy, Winston-Salem, N. C., and a son, 10, who is in school in Larchmont, N. Y., where Mr. Hogg resides.

**Harold R. Colbert**, editor of "Life Insurance Selling," St. Louis, is receiving congratulations over the arrival of his second son.

**W. Curtis Knox**, past president Rochester Association of Life Underwriters, died. He started with Union Central Life in 1922 and joined Massachusetts Mutual Life in 1934, later retiring because of ill health.

### SS Parley by ALC, NALU and ALIP

The committees on social security of the American Life Convention and Life Presidents Association have accepted the invitation of the National Association of Life Underwriters to meet with its sub-committee on social security in New York July 13-14.

The three committees will study the entire subject and endeavor to reach agreement upon a position to be taken by the life insurance industry.

The N.A.L.U. sub-committee of the committee on federal law and legislation consists of Judd C. Benson, Union Central, Cincinnati, chairman; William H. Andrews, Jefferson Standard, Greensboro; Osborne Bethea, Penn Mutual, New York; Patrick A. Collins, Metropolitan, New York; Philip B. Hobbs, Equitable Society, Chicago, and Herbert L. Smith, Northwestern Mutual, Harrisburg.

The members of the company committees are: A.L.C., A. J. MacAndless, Lincoln National, chairman; O. J. Arnold, Northwestern National; Rollin M. Clark, Continental Assurance, and W. T. Grant, Business Men's Assurance. For the A.L.I.P., M. A. Linton, Provident Mutual, chairman; R. A. Hohaus, Metropolitan, and E. M. McConney, Bankers Life of Iowa.

**Phoenix Mutual and American Hospital & Life** have been admitted to membership in the American Life Convention, bringing the total to 193.

## THE NATIONAL UNDERWRITER

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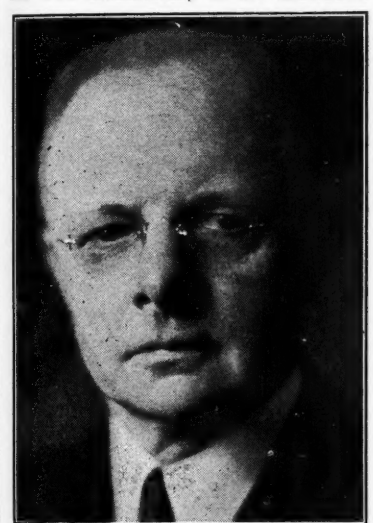
## LIFE AGENCY CHANGES

### Solenberger Retires; Bingham New Head

Millard F. Bingham has been appointed general agent at Springfield, Ill., by Mutual Benefit. He succeeds Harvey M. Solenberger, who retires after 36 years, but probably will retain an agency contract.

Mr. Bingham has had 12 years experience in the business, first with Penn Mutual in Chicago as agent and then supervisor, and for the last five years as assistant to General Agent E. W. Hughes of Massachusetts Mutual in Chicago.

A graduate of Cornell in 1927, Mr. Bingham spent the first five years of his business life manufacturing printing press rollers in a business owned by his family at St. Louis and Chicago. He was awarded the C.L.U. designation in 1935 and the American College certificate in agency management in 1943. He won membership in the Massachusetts Mutual 1944 Victory club, based on earnings and was among the first 100 agents.



H. M. SOLENBERGER

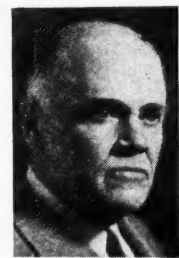
Mr. Solenberger went to Springfield from Chicago in 1903 as an agent of Mutual Benefit, and was appointed general agent there five years later.

One of the founders of the Springfield Association of Life Underwriters, he was its president for two terms, representing the association on the N.A.L.U. National council, and in 1936-1937 was president of the Illinois state association. He is a charter member of Springfield Kiwanis Club and was its president in 1927. He also has been a director of the Springfield Chamber of Commerce. Mr. Solenberger probably will spend the winter in the south.

resented the association on the N.A.L.U. National council, and in 1936-1937 was president of the Illinois state association. He is a charter member of Springfield Kiwanis Club and was its president in 1927. He also has been a director of the Springfield Chamber of Commerce. Mr. Solenberger probably will spend the winter in the south.

### Will Reeve Retires; Shugg Successor

DETROIT—Will S. Reeve, 74, for 25 years manager of Union Central Life for eastern Michigan and the Upper Peninsula, will retire July 1. Arthur P. Shugg, former general agent of Aetna Life in



Will S. Reeve



A. P. Shugg

St. Louis, who was appointed general agent of Union Central in Detroit in July, 1942, in anticipation of Mr. Reeve's retirement, will assume charge of the territory.

A Hoosier by birth, Mr. Reeve started in business with a Chicago publishing house and in 1892 established his own book publishing business. In 1907 he moved to Denver and became district agent of Northwestern Mutual Life. After 12½ years he went to Detroit in July, 1919, as general agent of Union Central. During his quarter century as head of the Detroit office, business on the books was increased from \$4,000,000 to \$25,000,000.

Long active in association affairs, he served several years as a director both of the Associated Life General Agents & Managers and Detroit Life Underwriters Association. He was treasurer of the managers' association for two years and also chairman of its business practices committee. He served as vice-president of the Michigan Association of Life Underwriters and refused higher offices in all three associations. For many years he has been active in insurance legislative work in Michigan and served as a member of the Life Insurance Council of Michigan, the liaison organization between the life field forces and the insurance department.

### Crane Goes to Chicago to Assist John Todd

John O. Todd, Northwestern Mutual general agent in Chicago, has appointed



Arthur Crane

Arthur Crane of Indianapolis as agency assistant. Mr. Crane is the son of Ernest A. Crane, Northwestern Mutual general agent in Indianapolis and trustee of N.A.L.U. For the last seven years he has served as agency assistant to his father and has made an impressive record in inducing new men into the business

and getting them into production. Furthermore, the agency's top producers have credited his well organized sales promotion work as an important part of their success.

Mr. Todd, for many years a qualifying member of the Million Dollar Round Table, is convinced that the methods which have made his produc-

tion possible will work for others as well as for himself so he is building an agency staff of men who can assist him in passing those methods on to others. As evidence that this can be done, John S. Murphy, the agency's new production manager who is a stranger in Chicago, besides his agency duties, earned bronze button in May by paying for \$152,000 of business on nine lives in his first month of production.

Mr. Crane, a graduate of Indiana University, where he majored in business administration and insurance, has been active in coordinating the company sales promotion material into the work of individual agents, doing joint work, preparing sales presentations, organizing prospect bureaus, while being active in civic affairs.

The Todd agency has approximately 70 millions of business in force, and is doing a large volume of individual, corporation and pension trust business. Mr. Todd has established and is expanding a separate department for the purpose of providing administrative service to the pension trust clients of agents in the company, as well as sales and installation assistance.

### Jackson Mutual Life St. Louis Head

Frank B. Jackson has been appointed manager at St. Louis for Mutual Life. He has been home office supervisor in charge of salary savings activities. Mr. Jackson succeeds Rutledge H. Deas, who has decided to return to personal production in his home territory of Shreveport, La., where he was a successful agent for 16 years before going to St. Louis.

Mr. Jackson has been associated with Mutual Life since 1934 and served in various capacities at Erie, Pa., until he was appointed supervisor of salary savings. He attended Penn State College and has been president of the Erie Life Underwriters' Association.

Mr. Deas in 1931 was named manager at Meridian, Miss., agency, which was later moved to Jackson. He stayed there until 1936, when he went to St. Louis. He was a member of the National Field Club for 16 consecutive years, starting in 1917.

### Bowlend Takes Over Agency for State Mutual Life

Donald T. Bowlend has taken over as general agent for State Mutual Life in Stamford, Conn. For the past seven years Mr. Bowlend has been assistant general agent of the Van Alst agency of Berkshire Life in New York. He is a graduate of Colgate University. The Stamford agency opening brings the number of agencies of State Mutual to 57.



D. T. Bowlend

### Naffziger Named Supervisor

Oliver H. Naffziger has been appointed supervisor of Aetna Life in Peoria by Lester O. Schriver, general agent. He is in charge of the development of agency personnel and general office supervision.

He is a past president of the Peoria Association of Life Underwriters.

### D. H. Clark to Reliance Life

D. Hayes Clark, an official of the Birmingham Association of Life Underwriters, has been appointed district manager of Reliance Life. He formerly was district manager of Pacific Mutual Life.

### Coogan Detroit Brokerage Head

W. E. Coogan, assistant manager of the brokerage department of New Eng-

land Mutual Life in Detroit for several years, has been appointed brokerage manager, succeeding C. R. Vliet, who died recently after a long illness. F. E. Pomeroy becomes agency manager July 1 on the retirement of A. C. Utter, general agent for many years.

### Earl Hill Named at Syracuse

SYRACUSE—Earl N. Hill has been appointed general agent of the Syracuse agency of Equitable Life of Iowa.

### Alberta Life Fund Shows Loss

Efforts of the Alberta Provincial government in Canada to write life insurance are showing very poor results. Policies in force at the end of the year amounted to only \$897,128. There was a loss of \$923 on the year's operations, revenue amounting to \$16,759 and expenditures to \$17,682.

Increase your accident sales with ideas from the Accident & Health Review, \$2 a year, 175 W. Jackson Blvd., Chicago.

## COMPANY MEN

### Luther Thompson to Western Life

Luther G. Thompson has been appointed superintendent of agencies for Western Life in the intermountain region which includes Montana, southern Idaho and all of Utah. He will maintain quarters at the home office in Helena.

In 1927, while still going to school, Mr. Thompson took a part time job with National Fidelity Life and after graduating from the University of Wisconsin actuarial course in 1931, he went full time with National Fidelity. His immediate superior there was Floyd Young, now vice-president and actuary of Western Life. Mr. Thompson worked

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in every department in the home office, including instructor in agency schools.

Since 1934 Mr. Thompson has been with George Washington Life, recently being secretary, manager of agencies, a director and member of the executive committee. Early in his insurance career Mr. Thompson decided he liked agency and field work better than the actuarial and technical side. Besides selling in the field for George Washington, Mr. Thompson also had experience in actuarial work and home office management. For the past five years he has had complete charge of the agency department.

#### Coogan to Assist Whittaker

John W. Coogan, who has been manager of the central region group sales

department of Prudential, will become supervisor at the home office to assist E. B. Whittaker, second vice-president, in group insurance sales. He has been with the company since 1928.

#### Prudential Veteran Retires

Walter D. Lemon, assistant supervisor of ordinary agencies at the home office of Prudential, is retiring after 44 years with the company and 25 years in that department. He received a number of gifts from the ordinary agencies and ordinary agency records department.

#### Kelley to Home Office

B. L. Kelley, formerly assistant superintendent of American National, in Austin, Tex., has been promoted to assistant supervisor at the home office.

## WANTED

Experienced man to take charge of newly formed Group Life and Disability Department. Should be well versed in underwriting and sales, particularly on disability and hospitalization coverage. Company operates in north-central section, has splendid 45-year record. Definitely an A-1 opportunity. All correspondence in confidence. Address W-34, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

## WANTED DISTRICT MANAGER

In beautiful Illinois City of 20,000 population. Agency established over 40 years. Over 5 millions in force. One of the larger Life Companies. Reply in confidence, giving complete information. Address Box W-36, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Fast growing mid-west company writing Life, Accident and Health and Hospitalization is looking for a man with a successful record to accept position as field man with major emphasis on Life. Opening offers exceptionally fine opportunity with progressive organization. Give full details. Address W-33, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

#### AVAILABLE

Active head of over million dollar producing general agency with 20 years experience as agent and general agent. Middle age, married, with family, good health. Excellent references. Address W-30, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

## NEW YORK

#### COMMODORE IS LIKELY SPOT

A representative of the Hotel Commodore in New York City was in the lobby of the Edgewater Beach Hotel in Chicago at the time the National Association of Insurance Commissioners met there. He informed the executive committee and others interested that the Commodore had arranged to reserve ample accommodations for the commissioners the first week in December if they decided to meet in New York. The resolution that was adopted stated that if the executive committee decided to hold the meeting in New York City there should be arrangements made for housing of the convention people. If it were decided not to go to New York City then St. Louis was preferred.

Owing to the uncertain situation in insurance due to the Supreme Court decision a large number of commissioners and company executives feel that it would be highly desirable to hold the meeting in New York where it would be possible to get in touch with leaders in the business and all classes of companies.

#### W. J. DUNSMORE PRESIDENT

At a meeting of the metropolitan New York board of managers of Equitable Society the following officers were elected: W. J. Dunsmore, president; W. H. Masterson, vice-president, Newark, and Charles Wasser, secretary-treasurer.

#### CURRIE LIFE MILLIONAIRE

J. Welldon Currie of the A. V. Youngman agency of Mutual Benefit Life, New York City, has become a life and qualifying member of the Million Dollar Round Table. His million dollars in sales was exclusive of his pension trust business. Mr. Currie entered the business in 1933 after having been in the banking business in Canada, Latin-America and the United States. He was at one time vice-president of one of the large New York City banks. He has been with Mutual Benefit since 1939 and has been a member of the round table for the last three years. He has also qualified for Mutual Benefit's "national associates" ever since joining the company. This organization consists of the 25 top producers.

## RECORDS

**Equitable Society**—Total insurance in force (ordinary and group) as of June 1 is \$8,603,191,377, an increase of \$463,104,624 since June 1, 1943. The increase in May was \$23,613,380 which is the greatest increase for any month since July, 1930. New paid ordinary so far this year is 41.6% greater than for the same period last year and the average new policy is \$3,595 as against \$3,010 for the same period of last year. Forfeitures show a drop of 20.1% from last year and surrenders a drop of 25.6%.

**Occidental Life, Cal.**—In the Pace-maker contest in May, pointed toward a billion in force by Oct. 14, honoring the 30th anniversary of V. H. Jenkins, vice-

## Governor Wills Is Headliner at Vt. State Rally

MONTPELIER, VT.—William H. Wills, who recently announced that he would not seek reelection as governor of Vermont and who has gained national recognition for his fight for state rights, will return to the insurance business when his term expires Jan. 1. He announced this in the presence of nearly 150 at a luncheon of the Vermont Life Underwriters Association here. President Charles P. Flinton of Brattleboro presided.

Mr. Wills acknowledged that he had been supported in part through his two terms as governor by his own insurance business at Bennington. "If it hadn't been for insurance," he said, "I couldn't have been governor." He spoke of the Supreme Court decision which classified insurance as interstate commerce and as a champion of state rights he spoke vigorously of the dangers of increasing federal control. Life insurance companies, he pointed out, have been carrying on social security long before the government started and there could be no sound criticism of the manner in which companies are carrying on. He paid tribute to National Life as the most important industry of the capital city of Vermont, and noted with appreciation the desirable Vermont publicity carried monthly throughout the country by National Life in well-known magazines building up confidence in the stability of the industry.

#### Commissioner Burns Speaks

Commissioner Burns in his speech emphasized the duty of life insurance men to seek out "the little fellow—the man of small means—who needs life insurance oftentimes more than the big fellow." He said that the Vermont department had in the course of the year received only one complaint concerning the operations of any of the 673 men licensed to sell life insurance, and that one complaint was withdrawn almost as soon as it was made, the complainant explaining that he had discovered perhaps he was wrong.

The meetings were held in the National Life building and President Elbert S. Brigham of National Life made a speech of welcome.

At the afternoon session a speech was made by Clifford H. Orr, National Life, Philadelphia, who is trustee of the National Association of Life Underwriters. He was introduced by Fred S. Brynn, Vermont state agent of National. He advocated less high pressure in salesmanship and more counseling; he pointed to the need of a positive mental attitude on the part of every agent and the need of a fundamental sincerity based on a belief in life insurance. Finally, the successful salesman should have a philosophy of life based on the fundamental emotions—love of family. Life insurance is, he said, the ideal financial property.

#### Address of Risley

B. F. Garrity, Metropolitan Life, Burlington, introduced his superintendent of agencies for the New England territory, Samuel D. Risley of New York. Mr. Risley spoke on the human side of life insurance and drove home the facts

president, the highest percentage of gain in paid for business over May, 1943, went to G. C. Ward, Waterloo, Ont., who also led in dollar gain of new paid for business. Second and third places in percentage gain went to Andrew Thomson, Kail-spell, Mont., district agent, and Mrs. Nina B. Adams, Portland, Ore. E. F. Eubanks, Fresno, Cal., won top award in the dollar volume gain contest, and A. A. Montgomery, Cleaton agency, Los Angeles, second, and W. J. Gilbert, Honolulu, third.

## NEWS OF LIFE ASSOCIATIONS

that the successful agents should have basic integrity, a positive viewpoint, a human viewpoint and great industry.

D. Bobb Slattery, superintendent of agencies of National Life, introduced the principal speaker, James E. Rutherford, executive vice-president of the N.A.L.U.

Mr. Flinton introduced the newly elected president of the association, Albert E. Jensen, Penn Mutual Life, Burlington.

Vice-president is Bennett Bell, Columbian National, Rutland; secretary, John McDonough, John Hancock, Burlington; chairman legislative committee, Charles Abair, Massachusetts Mutual, Montpelier.

#### Bell Favored for Trustee

The candidacy of Hugh S. Bell of Seattle, for N.A.L.U. trustee, was favored by unanimous vote.

It was announced that Howard Wood of Rutland, who has been vice-president of the association for the past year, is ill and this fact accounts for the omission of his name from the roster of officers for this year.

## L. L. Mackey Is New Detroit President

DETROIT—L. L. Mackey, Home Life, has been elected president of the Detroit Life Underwriters Association. Mr. Mackey is a past president of Detroit C.L.U. chapter and was chairman



L. L. MACKEY

of the state sales congress last May. He succeeds L. E. Malone, manager Sun Life.

J. E. McCann, Metropolitan Life manager, was advanced to first vice-president; R. P. Innes, Great-West Life, was named second vice-president, and B. A. Schauer, general agent Penn Mutual, third vice-president. G. I. Jensen, Northwestern National, was reelected secretary, and W. H. McCoy, New England Mutual, was reelected treasurer.

New directors are G. E. Lackey, general agent Massachusetts Mutual; F. A. Smart, general agent Equitable of Iowa; E. J. Dore, general agent Berkshire; H. B. Ruhl, Northwestern Mutual, and A. W. Greenfield, Connecticut Mutual.

#### Record in Bond Sales

H. A. Rife, Jr., New York Life, co-chairman with Harold Krusch, John Hancock, of the war bond committee, reported that activities were at a peak in April, when 103 underwriters serviced 802 plants with 300,000 employees in Wayne county, who were buying \$1,598,000 of bonds on payroll deduction each week (at cost), representing 10.5% of the total payroll, said to be the highest percentage in the country for an entire county.

Due to the illness of Senator H. S. Bridges of New Hampshire, the public

meeting cancelled

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meeting at which he was to speak was cancelled.

## Hinkes Heads Wisconsin Body

MILWAUKEE—Joseph Hinkes, Bankers Life, Ia., Milwaukee, was elected president of the Wisconsin Association of Life Underwriters at the annual meeting here. Harry W. Bruegger, Aetna Life, Oshkosh, was named first vice-president; Richard Imig, New York Life, Sheboygan, second vice-president; William Pryor, Connecticut Mutual, secretary, and Floyd Voight, New World Life, Madison, treasurer. Directors are Harold Pettengill, New York Life, Beloit; Ray Zimdars, Mutual Life, Green Bay; Edward Mau, Travelers, Manitowoc; Alex Dorman, Equitable Society, Racine; Mervin Hess, Aetna Life, Madison; Frank McNamara, Old Line Life, Waukesha; Robert Kellett, Travelers, Oshkosh; Roy Bye, Metropolitan Life, Eau Claire; Bissell Bradley, Penn Mutual, Wausau; Leslie Eaton, Massachusetts Protective; Frank Hughes, Mutual Benefit Life, Edward C. Green, Metropolitan Life, Milwaukee, and Paul Schuette, Northwestern Mutual, Manitowoc, retiring president.

Mr. Hinkes reported a 25% increase in membership during the last two years to a new high of 502 members.

## Knight Elected S. C. President

COLUMBIA—T. K. Knight, manager Pilot Life, was elected president of the South Carolina Association of Life Underwriters at the annual meeting here. Vice-presidents are J. H. Miller and H. F. Boland, Charleston; W. G. Hantske, Life of Virginia; Spartanburg; J. C. Pridmore, Life of Virginia, Greenville; and D. R. Stokes, Life of Virginia, Florence. F. Perry Sessions, manager Union Central Life, Spartanburg, is national committeeman, and Bennett Davenport, Shenandoah Life, Columbia, secretary.

The Columbia association met at the same time and elected A. M. Orgain, Life of Virginia, president; Robert Adams, vice-president, and C. A. Rippey, secretary-treasurer.

Both associations endorsed W. H. Andrews, Jr., Jefferson Standard, Greensboro, for president, and E. Dudley Colhoun, Shenandoah Life, Roanoke, Va., for trustee of the National association.

## Moynahan Stresses Mass Market

INDIANAPOLIS — The average agent writing \$250,000 or less a year accounts for approximately nine-tenths of the total life insurance written each year, John D. Moynahan, manager Metropolitan Life, president Chicago Association of Life Underwriters, pointed out before the Indianapolis association.

Of the total population of the U. S. only 68,000,000 have insurance and it is the job of the producer to look after the other half. Mr. Moynahan predicted that there will be a great demand for life insurance among returning service men as they have become life insurance minded.

Of the 68 million now carrying life insurance, many are underinsured. Conditions for selling life insurance now are better than normally because the average people are making more than average money and canvassing opportunities go around the clock as so many are employed on different shifts in war products plants.

Social security has also served to give many persons a better conception of what life insurance means and have made them disposed to add to this en-

forced protection by voluntarily acquired life insurance.

There is a notable interest on the part of employed women in retirement plans provided by life insurance, Mr. Moynahan observed.

There is nothing spectacular in the sale of the average class of prospects. They are not hard to contact, nor to qualify as acceptable and are easy to sell. The test of the success in the future of this business will not be so much the volume of business written as the number of lives upon which life insurance is placed.

Mr. Moynahan also spoke to the General Agents & Managers Association of Indianapolis. He said that industrial producers are now crowding closely upon the exclusively ordinary agents as producers of ordinary business.

## Garrabrant Named in New Jersey

NEWARK—F. L. Garrabrant, New York Life, Asbury Park, was elected president of the New Jersey Association of Life Underwriters at the annual meeting here. He succeeds C. W. Cox, manager Metropolitan Life, Paterson. T. Barr Stevenson, assistant superintendent Prudential, Toms River, was named secretary-treasurer, and D. G. Cades, Sun Life of Canada, Atlantic City; J. P. Seidenglanz, general agent Penn Mutual, Trenton, P. J. Torsney, manager Metropolitan Life, Bloomfield, P. H. Day, Jr., district manager Mutual Benefit, Paterson, and A. J. Passannant, manager Metropolitan, Jersey City, are vice-presidents.

Under today's conditions, a man no longer has any other choice but life insurance in building an estate and the agent is the only one who can plan it for him, Ward Phelps, administrative assistant Mutual Life, pointed out at the sales congress which drew a record attendance of 423. Life insurance actually raises the standard of living for every man who owns it, he said. One of the most potent, motivating sales ideas he has discovered is that of buying life insurance and "spending the difference," he said. A life insurance program is a complete solution for a man's financial problems. Life insurance offers easy terms for something that has to be paid for anyhow. The terms of life are hard, but the terms of life insurance are easy.

### Current Selling Hints

Several timely current selling hints were given by Mr. Phelps: The added insurable interest in a child under social security since the widow will collect benefits only until the child is 18; the need of additional educational insurance where a child is planning on becoming a doctor, for example, beyond the regular college period, and finally, the fact that a survey among 15 companies disclosed that 48% of their new business was coming from prospects between the ages of 17 and 37, indicating that this group still is furnishing nearly half of the business. The agent must have a basic faith and enthusiasm in himself as a life insurance salesman. The agent itself is his own biggest problem, he said.

### Business Cover Prospects

The agent's responsibility to American business was stressed by H. P. Gravengaard, associate editor the Diamond Life Bulletins of THE NATIONAL UNDERWRITER. He pointed out that 70% of business is still not protected by life insurance. Every time a business man dies without business life insurance and persons are thrown out of work, it saps the life blood of the nation's economy, he said. American business is winning the war and the agent must do his part to preserve the American way of life through business insurance. He pointed out the advantages and disadvantages of the four different situations in business where the problem can be solved through insurance. These are the sole proprietorship, partnership, closed corporation, and the key

man. Mr. Gravengaard emphasized that this is a day of business insurance and it is rolling in as it never has before both in this country and Canada. It is a basic sale for life agent and has been called the most promising sale today.

C. K. Barton, chairman of the state senate's insurance committee, cited a number of examples of the constructive legislation he had introduced in the state legislature. Senate bill 95, he said, anticipated the Supreme Court commerce decision by providing the setup for a rate making body in the insurance department so it can't be said that the companies "conspire in setting up their rates." The court's decision also affects life companies, he asserted, and he urged life agents to stay close to their legislators and watch legislation which would bring insurance companies under the domain of those who "know nothing about it." He spoke strongly for a qualification act.

### Develop Thrift Habit

The American people have saved \$100 billion in four years time, G. F. Johnston, third vice-president of Metropolitan Life, asserted in pointing out that the nation owes life insurance men a great deal for developing thrift habits. Twenty-seven million people have money taken out of every pay-check for the purchase of war bonds. Opportunities for life insurance will continue good after the war as people have gotten into the habit of saving money and they are not going to throw it away foolishly.

Mr. Johnston pointed out there is a great market for life insurance and that living costs are only up about 20% while salaries are up 70% to 90%. Some good old-fashioned selling has to be done after the war, he said. The \$10,000 limit on National Service Life Insurance will do much to raise the accepted idea of the amount of protection people consider it is desirable to own.

John R. Hardin, president Mutual Benefit, welcomed the association to his company's auditorium, where the meeting was held.

An all-time membership high of 485 was reported by President Cox.

## Sawyers Named President of Los Angeles Association

LOS ANGELES—The Life Underwriters Association of Los Angeles at its annual meeting elected the slate of officers headed by O'Brien Sawyers, Aetna Life, as president, announced last week.

Past President Charles E. Cleeton, Occidental Life, presented J. H. Cowles, Provident Mutual, a plaque in recognition of his work as president the past year.

George Quigley, first vice-president, presented 100% membership certificates to these agencies: R. L. Hoghe, Equitable Life of Iowa; W. J. Stoessel, National Life of Vermont; E. A. Ellis and A. J. Krause, Pacific Mutual; J. H. Cowles, Provident Mutual; Ray Finger,

### Ohio State Parade Leader

COLUMBUS—When Ohio State Life at Columbus purchased \$3 million of war bonds a jeep bond brigade formed a procession and with horns tooting and flags flying conducted Secretary-Treasurer J. K. Bye and Assistant Treasurer J. W. Fulton, occupying honor seats in a jeep, to the Ohio National Bank and Huntington National Bank, where the bonds were turned over to them.

This purchase brings Ohio National holdings of war bonds purchased since October, 1942, up to \$10½ million, and its total government bond holdings to \$15,918,000.

Ohio State Life has given 74% of its home office male force to the armed services. One general agent, Ralph C. Lowes of Peoria, Ill., died while in service and another agent has been wounded in Italy. Employees now in the service include six naval officers and seven army officers.

Sun Life of Canada; Mark S. Trueblood, Union Central Life.

Clifford L. Morse, assistant agency manager Phoenix Mutual Life, spoke on "War-time Sales Strategy." He took two men, comparatively new in his former agency in Seattle, one of whom sold on the package basis and the other on the advanced underwriting plan, and illustrated their sales strategy during the war period by telling of the success they achieved.

## Bethune, Cheyenne, State Head

At the annual meeting of the Wyoming State Association of Life Underwriters, David S. Bethune, Equitable Society, was elected president. Also, just a short time ago Mr. Bethune was elected president of the Cheyenne Association of Life Underwriters.

**Santa Monica, Cal.**—New officers are: President, J. W. Peacock, Prudential; vice-president, Wiley M. Rogers, Jefferson Standard Life; secretary-treasurer, Edward E. Meadow, Prudential.

**Madison, Wis.**—Merwin W. Hess, Aetna Life, was elected president, succeeding Floyd J. Voight, New World Life. Nathan Spector is vice-president; Walker Roseberry, New World Life, secretary; Henrietta Olson, Continental Assurance, treasurer; C. Rex Welton, Prudential, national committeeman.

**Richmond, Va.**—William R. Gardner, general agent John Hancock Mutual is slated to be elected president at the annual meeting June 30. Other nominees include: Fred H. Bunnell, New England Mutual, first vice-president; H. D. Giddin, Jr., Equitable of Iowa, second vice-president; D. J. Doub, Northwestern Mutual, secretary-treasurer; E. D. Wilson, Mutual of New York, national executive committeeman; J. Dallas Leith, Perry F. Mullinax, Jesse M. Tucker, L. Park Cassell, D. Sam Perry, Benjamin Cottrell, directors.

**Virginia.**—Harold Peterson, Roanoke general agent Mutual Benefit Life, new president of the Virginia association, has named Lloyd G. Bair, Roanoke, man-

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ager Metropolitan Life, secretary-treasurer.

**Elgin, Ill.**—Herbert E. Kerber, Equitable Society, is the new president; Frank Klondike, Bankers Life of Iowa, vice-president; Miss Violet A. Weightman, John Hancock, secretary; Carl J. Lenz, Mutual Trust, treasurer.

**Grand Island, Neb.**—Ira W. Hunsberger was elected president; Charles Stewart, vice-president; Lawrence E. Baron, secretary-treasurer; E. A. Seller, L. M. Reinhart, and L. E. Treat, directors. S. A. Spitznagle, war finance committee, Omaha, lauded agents for their war bond work.

**Dayton, O.**—Robert W. Boyles, John

Hancock Life, Dayton, who has just returned from a long tour of duty in foreign service as volunteer ambulance section leader for the American field service, spoke at the meeting Thursday.

**Central Massachusetts**—At the annual meeting in Worcester, Carl H. Bolen, manager of Travelers, was elected president; Joseph W. Norton, Aetna Life, is vice-president; Roy W. Carrick, Aetna, reelected secretary-treasurer; Carl D. Skillin, Farmers & Traders, and Harry H. Warner, Provident Mutual, new directors. Herbert M. Carleton is retiring president.

**Detroit**—Miss Florence Lorf, leading woman producer of Penn Mutual nationwide, was named chairman of the women's division, succeeding Ruth E. Kelley, general agent Manhattan Life. Ruth Day, Bankers Life of Iowa, was named vice-chairman of the group; Mildred Gatfield, Home Life, secretary, and Elsa Edwards, John Hancock, treasurer.

**Fort Wayne, Ind.**—Erwin M. Goodwin, manager Union Central Life, is the new president, succeeding H. T. Cooke, Lincoln National Life. Thomas S. Johnson, Metropolitan, is vice-president; Carlos M. Harrison, Lincoln National Life, Secretary; Theodore H. Fuelling, New England Mutual, treasurer.

**Rochester, N. Y.**—New directors elected for three years are: Kenneth R. Brown, Continental Life; Edgar S. Hassard, Home Life; James D. O'Flynn, Phoenix Mutual Life.

**Nebraska**—W. A. Fraser, general agent of Bankers Life of Iowa in Lincoln has been appointed secretary-treasurer by President Ben Gadd, Union Central Life.

**Oklahoma City**—T. M. Green, Massachusetts Mutual, retiring president, told of the valuable ideas obtained from his "Little Black Book" in which he keeps ideas gleaned from talks made at association meetings.

**Lincoln, Neb.**—L. Vern Greenwood, Equitable Society, was elected president to succeed D. A. Campbell, John Hancock Mutual; Roy F. Watson, Midwest Life, vice-president; Harry S. Thorpe, Equitable Society, secretary-treasurer; O. R. Frey, Bankers Life of Nebraska, national committeeman; and D. A. Campbell, state committeeman.

**Saginaw, Mich.**—New officers are: President, Alex P. Phillips; vice-presidents, Alfred S. Brennan, Ohio National, and Arthur R. Gremel, Manufacturers Life; secretary, Mortimore C. Fetting, and director, Gerald D. Burns.

**Greensboro, N. C.**—Robert T. Bridges was elected president, succeeding R. Saunders Williams; C. R. Berrier and A. M. McGlamery, vice-presidents; George Perrett, secretary-treasurer; Alvin T. Haley, national committeeman.

**Wheeling, W. Va.**—Robert E. Carson, Equitable Life of D. C., has been elected president, succeeding Ross Davis, New York Life. John Morrow was elected vice-president.

"Cooperation of Bank Trust Officers and Life Underwriters," discussed by Andrew R. Birney, assistant trust officer, Security Trust Company of Wheeling.

**San Angelo, Tex.**—Herbert O'Bannon, Great Southern Life, has been elected president, succeeding H. Grady Stovall, Western Reserve Life; L. B. Horton, American National, vice-president, and Arch Crews, Paul Revere Life, reelected secretary-treasurer.

**Port Arthur, Tex.**—C. G. Hall has been elected president, H. H. Cannady, vice-president, and Ben W. Johnson, secretary-treasurer.

**Springfield, Mass.**—Carl H. Radeke, Massachusetts Mutual, was elected president. Paul Wilson, Metropolitan Life, and Marion E. Hoffman, Equitable Society, are vice-presidents. James Patton, Mutual Life, N. Y., is secretary-treasurer.

**Knoxville, Tenn.**—Reld N. Thomas, Minnesota Mutual Life, has been elected president to succeed Harry W. Pipkin. Frank Dedman, New England Mutual Life is vice-president; Wilbur Roos, secretary, and Ralph Jones, treasurer.

**Rockford, Ill.**—Hadsell S. Easton, assistant manager A. R. Klein agency of Home Life of New York, in Chicago, spoke on "Program Planning."

**Memphis, Tenn.**—I. M. McFadden, New York Life, has been elected president, succeeding Eugene E. Jones, Prudential. Dave Gaut and Jack Umstead are vice-presidents; William A. Wilder, secretary; Clarence S. Leaveall, treasurer.

**Rock County, Wis.**—Harold Pettengill, New York Life, was elected president

at the annual meeting in Beloit, succeeding Adolph Samuels, Northwestern Mutual; George Perring, Mutual Life, was elected secretary-treasurer, and John Sweeney, national committeeman.

**Sheboygan, Wis.**—Arthur Murphy, Metropolitan, was elected president to succeed William Zeinemann, Bankers Life of Iowa; Richard Imig, New York Life, vice-president; Norbert Landgraf, Prudential, secretary-treasurer.

**Massachusetts**—John O. Bogardus, general agent of Union Mutual Life in Boston, was elected president at the annual meeting in Boston. William H. Noblet, of Worcester and Donald Nesbitt of Springfield are vice-presidents; Clifford D. Strout, Boston, treasurer, and William C. Coogan, Wilmington, secretary.

**New Bedford, Mass.**—New officers are: President, J. Newton Barrows, Marion; vice-president, Horatio W. Boardman; secretary, Everett Case; treasurer, Harold J. Clasky; national committeeman, Chester Davis.

Clarence W. Wyatt of Boston, second vice-president of John Hancock, spoke on "The Science of Selling Life Insurance."

**Youngstown, O.**—Henry Cooper, trust officer of the People's Pittsburgh Trust Co., spoke. Trust officers from local banks were guests.

Lloyd E. Webber, Equitable Society, has been named president, succeeding Lloyd T. Stillson, Midland Mutual. Edward J. Gilronan is vice-president; Andrew H. Thompson, secretary, and Alex McGillivray, treasurer.

**Chattanooga, Tenn.**—John Humphries, filling the unexpired term of Eugene O'Neill, was reelected president; C. Y. Coley, vice-president; J. Vance Holdam, reelected secretary-treasurer; B. H. Odom, national committeeman. The association showed an increase in membership. Members were congratulated on the effective job done in the war loan drive. E. E. Brown, 30-year veteran and former association head, was given an ovation on winning Million Dollar Round Table membership.

**Lafayette, Ind.**—Robt. N. Sine, Wisconsin National, is president; Herbert O. Meyer, vice-president; George W. Wolfe, secretary.

## AGENCY NEWS

### Townsend Agency Marks Achievement Record

Members and guests of the Indianapolis agency of Equitable of Iowa met at a conference and dinner there to mark the 1944 achievement record of the agency. J. R. Townsend, general agent, was in charge.

During the first five months of 1944 the agency exceeded its sales for the entire year of 1943, and on May 31 was exceeded only by the New York City agency in standing among all the company's offices.

The affair also marked the 20th anniversary of Mr. Townsend as head of the Indianapolis agency, which was opened in 1889. Mr. Townsend is the third general agent to head the office in 55 years.

Philip G. Irwin, vice-president and actuary, represented the home office and was the dinner speaker. Karl Hahus, district agent at Evansville and leading agent for the company this year, was principal speaker at the conference.

Other guests included Howard E. Nyhart, president Indianapolis General Agents & Managers Association; Eber M. Spence, president of the Indiana Association of Life Underwriters; Paul Speicher, R. & R. Service; A. J. Wohlgenuth, president of Rough Notes Co., and Lowell T. Boyd, Kokomo, northern Indiana general agent for Equitable. F. G. Sherer, Terre Haute, leader of the company in May, was a speaker.

John H. M. Smart has been appointed agency director of New York Life in Vancouver, B. C. He started in Toronto in 1925.

Ewart G. Somerville has been appointed manager for the Metropolitan Life in the Sudbury district of Ontario. He succeeds George A. Robinson, who has been transferred as manager of the Sydney, Nova Scotia, district.

## MANAGERS

### Wollter Heads Oakland Group

Henrik Wollter, Penn Mutual, has been elected president of the Oakland-East Bay (Cal.) General Agents & Managers Association. He succeeds C. M. Gulick, Business Men's Assurance. Arthur Hutchinson, New York Life, is vice-president and Herbert Wood, Prudential, secretary-treasurer. Mr. Gulick and Harold Stribling, California-Western States Life, were elected directors.

### Houston Cashiers Elect

The Houston (Tex.) Life Agency Cashiers Association has elected Miss Betty Frew, of Connecticut Mutual Life, president; Miss Lois Cathcart, vice-president; Miss Cornelia Simpson, California-Western States Life, secretary, and Miss Velma Burns, treasurer.

### Farewell for Witherspoon

Twenty-five members of the Nashville General Agents & Managers Association gave a farewell dinner for John A. Witherspoon, who becomes vice-president and director of agencies of Volunteer State Life. J. Hugh Knox, Mutual Life, president of the association, was toastmaster.

### Richmond Managers Elect

The Life Agency Managers of Richmond has elected the following directors: George T. Bryson, Sun Life of Canada; Benjamin Cottrell, State Mutual; Perry F. Mullinax, New York Life; Rice L. Pendleton, Travelers; J. Dallas Leith, People's Life of Washington, D. C.; John L. Weeks, Equitable Society; H.



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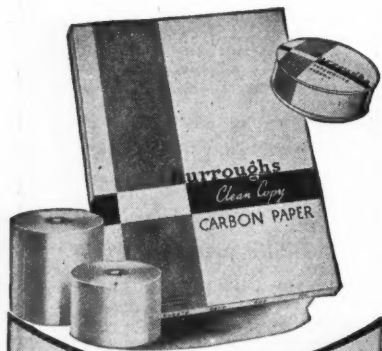
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W. Vaden, Guardian; George P. King, Atlantic. The directors will elect officers.

President Bryson recommended that efforts be resumed to secure passage of an agents' qualification law at the 1946 legislative session, as well as a measure to protect life insurance proceeds from creditors.

Mr. Bryson favors the employment of a professional lobbyist with legal training to represent the organization at future sessions.

In regard to agents' compensation, Mr. Bryson said the trend appears definitely to be turned into the direction of salaried field representatives and away from the independent contractor conception.

### Memphis Managers Elect

Weldem Hames, Penn Mutual Life, has been elected president of the Memphis Life Managers Association to succeed Clyde Welman, National Life. Lew Callow, General American Life, is vice-president; Robert J. Seay, secretary-treasurer.

### Jeffery St. Louis President

Rex D. Jeffrey, Provident Mutual Life, has been elected president of the General Agents & Managers Association of St. Louis, succeeding Joseph T. Peterson, Guardian Life. Glen A. McTaggart, Prudential, is vice-president and Donald D. Kelly, John Hancock Mutual Life, secretary-treasurer.

New members of the executive committee are John H. Leaver, Mutual Benefit Life; Arthur W. Green, Equitable Society, and George H. Means, Metropolitan Life.

Miss Elizabeth L. Teegarden, office manager of the William T. Earle Agency of Connecticut Mutual Life, is the new president of the Cincinnati Life Insurance Cashiers & Secretaries Club. Miss Helen Selby, Penn Mutual Life, is vice-president; Miss Jean Naborhaus, Massachusetts Mutual Life, treasurer; Miss Mary Peters, Travelers, secretary, and Miss Ruth Schmidt, Acacia Mutual, director.

The Cleveland Life Insurance Executives Club held its annual golf tournament and dinner this week.

## C. L. U.

### Minniger Detroit President

F. M. Minninger, manager Connecticut General, was advanced from vice-president to president of the Detroit C. L. U. chapter. Miss Mildred E.

TenBrock, Berkshire Life, was elected vice-president. She has served as secretary since the formation of the chapter in 1933. Elmer V. Gettys, Northwestern Mutual, succeeds her as secretary and W. M. Milligan, manager Manufacturers Life, is treasurer.

### Cleaton Los Angeles Head

The Los Angeles C.L.U. chapter has elected these officers: President, C. E. Cleaton, Occidental Life of California; vice-president, Merwyn D. Cramer, Bankers Life of Iowa; secretary-treasurer, Martin I. Scott, Equitable Society; directors, J. F. Curtis, Massachusetts Mutual; John R. Mage, Northwestern Mutual; Fred A. McMaster, Ohio State Life.

### Salt Lake City Chapter Elects

The Salt Lake City C.L.U. chapter has elected J. W. Lawrence, Prudential, president, succeeding C. C. Guilford, Northwestern Mutual; F. M. Kelly, Mutual Life, vice-president; M. H. Ridges, New York Life, secretary-treasurer; O. L. Richards, Metropolitan Life, board chairman.

### Field Is Cleveland President

Paul L. Field, supervisor National Life, Vt., was elected president of the Cleveland C.L.U. chapter, succeeding Preston Hanawalt, Equitable Society. H. Clare Weber, general agent Fidelity Mutual Life, was named vice-president; D. Miley Phipps, New England Mutual Life, treasurer; and Carl M. Updegraff, Equitable Society, secretary.

### New San Francisco Officers

Mrs. Eda F. Hudson, Northwestern Mutual Life, has been elected president of the San Francisco C. L. U. chapter, succeeding J. A. Sousa, Metropolitan Life. Clifford Henderson, Prudential, retiring president of the San Francisco Life Underwriters Association, was elected vice-president; Walter J. Lennox, New England Mutual, secretary, and William Dunbar, Acacia Mutual, treasurer.

## 5 to 1 Triumph for States Rights

(CONTINUED FROM PAGE 1)

Bailey-Van Nuys bill. That step was discussed, but not taken. However, the full committee decided the subcommittee should meet on Friday and determine upon a course of action. There followed at the subcommittee meeting, the Biddle hearing and decision for further hearings.

7. During consideration of insurance legislation at both ends of the Capitol it was understood that certain Senators and Representatives had copies of a draft bill of the Securities & Exchange Commission for regulation of insurance. There was discussion of such a program during the House debate on the Walter bill, in which reference was made to it by Rep. Miller, Connecticut, and others.

8. During the House debate, Rep. Sumners, chairman judiciary committee, stated "there seems to be a general agreement" on the "necessity of an examination to determine what is to be done" about insurance legislation or regulation. The House rules committee had earlier decided against investigating fire insurance through a special house committee as proposed by Rep. Lynch, New York.

### McCarran Is Absent

All members except McCarran were present at the full committee meeting, it was stated, or accounted for by proxies. Ferguson was reported planning to get the bill voted out by the full committee, if he had succeeded in discharging the subcommittee. However, apparently, he did not have the votes.

Present at the subcommittee hearing of Biddle were Ferguson (until he had to catch a train), Hatch, Murdock, Utah; O'Mahoney. Biddle was with

the committee about 45 minutes, at the end of which time he emerged appearing "upset".

Committee members had no statement except that O'Mahoney put the Attorney General's testimony in the "Congressional Record." Hatch told THE NATIONAL UNDERWRITER that Biddle had "made it perfectly clear" what the department's course will be.

During the House debate, which ran over parts of two days on the Walter bill and the special rule for its consideration, insurance representatives noted in attendance in the galleries included E. L. Williams, president Insurance Executives Association; Attorney Heiner of the law firm representing fire insurance interests; W. H. Rusher, Washington manager Hartford Fire; H. E. Hilton, U. S. Chamber of Commerce insurance department; Donald Leatherwood, Department of Justice assistant in the insurance case.

The House discussion began June 21 on the special rule, and continued for an hour, with interruptions. In a vote that evening on adoption of the rule, lack of a quorum was disclosed, and the question went over until the following morning, when the vote was 273 for, 56 against, the rule.

### General Debate Three Hours

General debate then proceeded on the Walter bill itself for three hours, after which there was more discussion for some time on amendments and motions intervening before final passage.

Although Chairman Sabath of the rules committee called up the rule, he said it called for consideration of most important legislation, passage of which "will nullify the action of the Department of Justice, and may preclude prosecution, although the Supreme Court has held that it has jurisdiction and that insurance is subject to interstate commerce."

Rep. Allen, Illinois, said judiciary committee hearings disclosed charges against insurance are "untrue", but did

not show any practice state regulation can not reach. The people, he declared, "want their insurance left alone, free of federal meddling." The bill would have no effect, he declared, since anti-trust laws "have never been applicable" to insurance. "Have you, with the exception of a few New Dealers," Allen asked, "heard of any complaints against the insurance companies?"

### Nullify State System

If a "federal bureaucracy" is to run the insurance companies, why not the banks, Allen suggested. Arguing for state regulation, Allen said, the effect of the Supreme Court decision is "to nullify the entire system of state regulation and to produce chaotic conditions in the insurance business." The public will suffer without prompt remedy of the situation, said Allen; no federal regulation exists.

Allen said that Rep. Anderson, New Mexico, author of a substitute bill which was later voted down by the House, "overlooked the fact that Congress is still the law-making body." The Walter bill, he said, does not alter the situation of insurance with relation to the labor laws, and pointed to the decision in the Polish National Alliance case.

The states have learned by experience, said Allen, that cooperation is desirable and necessary in insurance; they found that unrestricted competition did not work well. Rate cutting caused insolvency; it is important that rates be "adequate."

Quoting the testimony of Superintendent Dineen of New York before the Senate committee against antitrust application to insurance, Allen challenged advocates of federal regulation to come forward and say how the states should be "assisted."

If the intent of Congress is to retain state regulation of insurance, argued Anderson, a bill should be passed "that does it, and not a bill that protects some people from prosecution." Announcing he wanted to see a bill supported by

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the state commissioners, Anderson read a telegram from Newell Johnson of Minnesota, president National Association of Insurance Commissioners, citing the action that was taken on the subject by the commissioners at their Chicago meeting.

Rep. Celler, New York, ranking judiciary committee Democratic member, described the bill as "an attempt on the part of certain defendants in an anti-trust prosecution to get absolution for their sins." Talk about federal regulation he characterized it as a "duststorm." Replying to Miller, Connecticut, Celler said passage of the bill would have a "very grave effect" upon trial of indictments.

Ramspeck, Georgia, protested against charging insurance companies with crime "when they were acting in accordance with what the law was understood to have been for 75 years." Celler replied by reciting various charges made in the S.E.U.A. case. In a designated period, he said, "six companies" collected \$1 billion from policyholders, while losses paid out were only \$400 million. Quoting his own minority report from the judiciary committee, Celler declared the companies "banded together most unlawfully."

#### La Follette Assails Bill

Rep. La Follette, Indiana, followed with an argument along lines heretofore made, that if the bill is passed before petition for rehearing is filed with the Supreme Court, that body would be deprived of passing upon the petition; that it would prevent trial of the S.E.U.A. case. Declaring Congress can not alter the court decision, he forecast that never will the ruling be reversed that insurance is commerce, and that insurance "for all future time" will be a subject upon which Congress can, but may or may not legislate.

#### Judicial Usurpation

Rep. Halleck, Indiana, charged the contentions of opponents of the bill were a "smoke screen," and that the court decision was "an attempt at judicial usurpation of legislative authority." "Why create another gigantic federal bureaucracy?" he asked.

Rep. Vorys, Ohio, spoke of rating practices in his state, to follow which would violate the antitrust laws. Rep. Ploeser, Missouri, himself in the insurance business, said it is ironical that while Congress is trying to stabilize matters, "the Supreme Court should

imperil some \$30 billion of assets, much of which is government bond holdings." Halleck replied that "certain people" were "irked" because they could not "get hold" of enormous assets of insurance companies.

"The net effect of Congress exempting insurance from the antitrust laws will in the long run be," said Rep. Voorhis, California, "to invite a train of events which will make federal regulation necessary."

Rep. Russell, Texas, opposed the rule and the bill and yielded to his colleague Rep. Poage, to tell of a railroad conversation with one of those indicted, whom he described as head of a small insurance company in Texas, in which the latter said that the companies were "guilty as hell", that they "had to enter into the conspiracy to stay in business."

Rep. Walter, Pennsylvania, led off in discussion of the bill, technically, after passage of the rule. Until two years ago, he said, the Department of Justice never suggested the possibility insurance might be subject to anti-trust laws. If Justices Roberts and Reed had sat in on consideration of the S.E.U.A. case, Walter declared, "the law would today be what it was for all these years." If they had a financial interest in insurance companies, Walter declared, that was not ground for disqualification. "However, one of the justices participating in the majority views should have disqualified himself," he added. The 4 to 3 decision was "improper," Walter declared, under the John Marshall rule against decisions on constitutional questions except by majority of the whole court.

#### Endorses Uniform Rates

Rep. Hancock, New York, followed in support of the bill bearing his and Walter's name. He reviewed briefly the legislative history, the policy of Congress and the courses followed by the department and the Court, and results of the latter. The speaker endorsed uniform rates in fire insurance, and the necessity for cooperation in the business. "Unfortunately we cannot reverse the Supreme Court," he said. A "crisis of enormous proportions" now impends, Hancock declared, and if Congress does not move promptly the companies will be faced with prosecution for doing what state laws sanction, if not compel. They will be breaking state laws if they abandon uniform rates and abolish rating bureaus. The bill does not give insurance a "preferred status", Hancock

said in conclusion, but merely continues a situation that has existed for many years.

Miller, introduced as representing the "insurance capital", Hartford, and an insurance man for 20 years, said if the court interpretation stands everybody engaged in the insurance business, who carries out state laws, will be "guilty as hell"—of obeying state laws. Speaking as an old insurance man, Miller said: "I am just as sure as I can be sure of anything I have not seen with my own eyes that there is circulating in the office of the Securities & Exchange Commission and the Attorney General's office proposals that, when put in legislative form, will propose the complete control by the federal government of all insurance companies in the United States—fire, casualty and life."

#### PERILS AGENCY SYSTEM

It would be difficult to see how the agency system could continue without remedial legislation, Miller said, as one agent could not write for a number of companies, each with different rates and different forms. He cited the system in effect of insuring tobacco stocks in warehouse, and the cotton and grain insurance pools. If forbidden to agree and cooperate, insurance companies can not meet foreign competition, said Miller, the situation being analogous to that resulting in passage of the marine insurance act, exempting that activity from the anti-trust laws. Deploing "disruption" of the business by antitrust enforcement, he said, it would be "reckless and irresponsible" to require the industry "to turn itself inside out" in order to comply with those laws, without careful inquiry and consideration.

#### Old Landmarks Destroyed

Rep. Satterfield, Virginia, declared that no issue of greater importance had been before the House; that the S.E.U.A. decision "destroyed old landmarks" standing for 75 years until Biddle attacked fire insurance companies, which "gentlemen had violated no law known to God or man."

Declaring that "it will require very few judicial adventures of this sort to so thoroughly arouse the policyholders of this country that the fight against federal control will be completely won," he urged "let us keep the nose of the camel beyond the tent." Once insurance is declared interstate commerce, "wishful thinking" that the government will not molest state regulation "will be forgotten," he said.

#### Praises Rating Bureaus

Satterfield spoke of the organization and good work of insurance interests in rating bureaus, etc. Asking why a 100-year system should be tampered with, he said a government bond and a policy in a good life insurance company are about all that are worth 100 cents on the dollar. He referred to the TNEC report and "advice", and said if Missouri or some other state does not regulate insurance properly, it is up to them to clean house. Members thinking the remedy is to substitute federal regula-

tion for that of 48 states, are "sadly mistaken," Satterfield said.

He described the Virginia system and its results and the functioning of the association of commissioners and of the rating bureaus and other organizations. He recalled that attorneys general of 36 states filed a brief against the government in the S.E.U.A. case. Choice lies only between state regulation, or unrestricted competition, or federal regulation, the speaker said.

#### Long Haired Individuals

The only people wanting a change to federal regulation, declared Rep. Talbot, Connecticut, are "the Attorney General and a few of the long-haired individuals" who want to change the foundation of government.

La Follette returned to the attack with a statement the Supreme Court was correct both on the ground that insurance is commerce and that the antitrust laws apply. La Follette interpreted Justice Jackson's dissent as holding certain insurance activities affect interstate commerce; furthermore, the Polish National Alliance case opinion announced by Justice Frankfurter held unanimously insurance is interstate commerce; which accounted for six court members, it was suggested. La Follette urged the S.E.U.A. case, with its charges of rate discrimination, boycotting, etc., should be tried.

Rep. Mundt, South Dakota, charged a New Deal attempt to dominate the insurance business, as other American activities, and urged passage of the bill in attempting to curb such tendencies.

Rep. Gwynne, Iowa, argued that advocates of federal regulation should support the bill, because there is no such regulation now. He suggested the House committee on interstate and foreign commerce should handle the matter and stated it would take a year "to build up a set of laws under which insurance could be regulated." He said Congress should consider the Lynch resolution upon which, said Rep. Michener, Michigan, rules committee member, "may be predicated any action in the future that the House might desire to take, without causing the chaos that the present holding of the Supreme Court will undoubtedly bring about in many instances, unless this action is taken."

#### Bread and Circuses

"Rulers who bring their people bread and circuses gain the plaudits of the mob," said Gwynne, who concluded by pointing out that "the commerce clause confers a power upon Congress which must be exercised concurrently with the states."

Rep. Howell, Illinois, supported the bill and state regulation, with combined action of insurance interests. He said he had seen no reliable figures indicating excessive insurance company profits. Rep. Keefe, Iowa, announced his support of the bill.

Having spoken first against the rule, Celler spoke again in opposition to the bill, saying fire insurance companies had "pulled the wool" over the eyes of speakers for the bill. Quoting from the Court's majority opinion, Celler asked if that spelt "lily-white innocence or any sort of blushing-bride purity." When states try to regulate them, he declared, they say they can not be touched because they operate across state lines, but in the present case they say the reverse; whether state or federal government want to regulate them, they say that would create chaos. "It is heads I win and tails you lose," Celler declared. "They play both ends against the middle. They want neither state nor federal interference. They want no one to invade their private kingdom."

Rep. Springer, Indiana, declared that if Congress does not act "it will not be very long before we will find life insurance, casualty insurance, and compensation insurance, as well as fire insurance, engulfed under federal control." He defended state regulation.

Remarking that the House could very well use "a Henry Clay", Anderson said



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## FRATERNALS

#### Ira B. McNeal Succeeds Service

Ira B. McNeal, who has been elected supreme solicitor of Protected Home Circle following the death of Fred A. Service, is a member of the law firm of Service, McNeal, Cusick & Isenberg of Sharon, Pa. Mr. McNeal has been a member of Sharon Circle of Protected Home Circle since 1912. He graduated from Dickinson College, he has an A.M. from University of Pennsylvania and graduated from George Washington University law school. He became a law partner of the late Mr. Service in 1920. He will continue his law practice and will be on a consultative basis with Protected Home Circle.



it should be possible to compromise conflicting views expressed. He believed the House wanted to stay additional prosecutions until Congress can study and decide what legislation it wants to pass. Replying to Miller's question how could fire insurance operate without agreement on rates, Anderson inquired: "How does it happen that the life insurance business of this country has been built to unprecedented heights without uniform rates?"

Ploeser remarked that life insurance is "almost an exact science," whereas fire insurance is not, while in casualty insurance, with some exceptions, there is an element of gamble.

Rep. Fellows, Maine, said the Walter bill was not as broad as he would like. He let members of the Court "argue the case" for him, he said, by quoting from their opinions on such points as to the effectiveness of state regulation, the general effect of the decision, and who should legislate.

Remarks of Rep. Michener concerning his resolution to investigate, said Rep. Lynch, gave him "great encouragement." Opposing the Walter bill, he urged a fact-finding committee to gather data and report to Congress. To pass the present bill would be to "give carte blanche authority" to fire insurance companies under accusation, Lynch said, it would give "clearance" to companies to continue practices complained of.

Rep. Jennings, Tennessee, supporting the bill, said federal bureaucrats are viewing with "jaundiced eye" and reaching "with itching palm and a grasping greed," the great assets of the insurance industry. The industry engages 527,000 people, he said, but 1½ million bureaucrats would be required to operate it, and "\$37 billions that belong to the policyholders would be squandered. And under some federal plan for security from the cradle to the grave we would be given a scrap of paper in exchange for the policies we now hold."

Rep. Clason, Massachusetts, said he had heard from his district of Springfield, home office of several insurance companies, in favor of the bill. He said farm mutual fire insurance business done across state lines would be interstate commerce. Hancock agreed the Supreme Court "makes no distinction between stock companies and mutual companies", and that there are 350 stock companies and 3,500 mutuals.

#### "Special Relief Bill"

The Walter bill is "a special relief bill" for fire insurance companies, Rep. Voorhis charged; it would have great influence upon the course of the trial in S.E.U.A. case. He warned that if a precedent is set, other interests and groups will demand similar action in their own behalf. Passage of the bill would enable large companies to continue profiting at the expense of small interests, Voorhis charged. He read a letter from an unnamed agent in West Virginia characterizing the bill as dangerous. He denied that without passing the bill a plan of federal regulation would "appear from out of the blue."

Rep. Rolph, California, supporting the bill, read a letter from Sidney L. Weinstein, San Francisco, formerly deputy insurance commissioner, endorsing the bill. Rep. Hobbs, Alabama, author of the fly-by-night insurance mail prohibition bill, pointed out the Anderson bill would leave a hiatus in regulation. He favored the Walter proposal.

#### Question of Taxes

Rep. Cravens, Arkansas, said if the rule against states taxing interstate commerce is applied in the case of insurance, under the new decision the states would lose their revenue from that source, figures for which he gave from the Census Bureau, totaling \$113,022,000 in 1942.

"This is not a question of the insurance companies versus the people," said Michener. "It is a question of the insurance companies for the people." The bill merely affirms what has been the law for many years, he said. He denied

there is an "unholy alliance and conspiracy" of insurance people "to cheat the policyholders." If the court decision stands without new legislation, he suggested, there may be numerous prosecutions of insurance companies, "although they have meticulously observed the law."

He suggested investigation to start "at once", meanwhile the status quo to be preserved by the Walter bill. Practically all states favor it, said Michener. "They are bitterly opposed to more bureaucratic control from Washington. . . We are confronted with a condition today and not with a theory."

Rep. Robison, Kentucky, supported the bill in a speech discussing court decisions, state regulation and other phases. Rep. Dondero, Michigan, said without the bill there would be "a travesty on justice" in the Georgia federal case.

Rep. Ploeser protested against a drive for federal bureaucratic control over the insurance industry which holds \$40 billions in trust for its policyholders. He did not want that "dissipated by an orgy of rate cutting which can weaken the security and dollar value of every life, fire, or casualty policy in force." Such an orgy by large companies would seriously injure the financial standing of small companies.

#### Invitation to Speculation

Speaking from 22 years' experience in the insurance business, Ploeser gave his reasons for preferring state regulation, and explained such regulation. "Which would be easier to control by predatory interests," he asked—regulation by 48 states, or a single set of rules for the nation by a federal bureau. "The administration has long sought control over the insurance business," Ploeser charged. By contrast, he quoted from a speech by the then Governor F. D. Roosevelt of New York, against federal interference with insurance. Under the Court decision, asked Ploeser, "are we to interpret that all types of regulation are thrown out of the window and that now companies may go into various types of speculation which impair their financial security?"

"The grasping bureaucrats of this administration care nothing for the security of policyholders," Ploeser declared. "They want to get their hands on the \$3,606,227,000 of fire insurance assets, the \$2,825,000,000 of casualty-insurance assets, and the \$37,200,000,000 of life-insurance assets, plus a total annual premium income in excess of \$7 billion. They would soon corrupt the entire insurance policyholder reserve."

In concluding general debate for the bill, Sumners said the Supreme Court decision "strikes at the heart of state sovereignty. . . I do not propose to yield to the Supreme Court any power to destroy the greatest democracy that God Almighty has ever created on this earth. . . The Supreme Court in behalf of the federal government lays its hand on this great business concerning which the states have demonstrated an ability to control."

"I am respectful of the courts, but it is time the judiciary begins to get back on its own side of the fence. . . The judges of this country have to be governed by the rules that govern the business of judging. God Almighty has fixed those rules. . . Fixing policy is not the business of judges. . . It is about time some spades were called spades in this country. The time has come when the Congress has to assume its responsibility as the spokesman of a sovereign people."

Rep. Celler next moved to send the bill back to committee with instructions to strike out its enacting clause. Speaking on it, he said it would be wise "to bring in some constructive measure that would insure the integrity of state control but at the same time permit the federal government to ferret out wrongful and evil interstate combinations, monopolies and bad practices."

Celler said he would go so far as to permit companies to confer and agree upon rates, subject to regulation, but

that all should be admitted to such conference; rates to be "sensible" and fairly related to risks; with "no boycott, no coercion, no economic sanctions. There must be open competition."

After rejection of the Celler motion, the Anderson substitute was offered, providing that the anti-trust laws shall not impair the right of a state to regulate insurance with respect to licensing, discrimination, risks, rates, premiums, policies, commissions, investments, reinsurance, capital requirements, etc., within its borders, with the proviso, however, that the Anderson proposal should not prevent application of anti-trust laws to contracts, agreements, combinations, etc., being enforced before filing and approval by state officials.

#### Casualty Rate Regulation

Anderson spoke briefly in explanation and support of his substitute. Ploeser brought out that under it if casualty company rates are not regulated in states, they would be subject to anti-trust prosecution. Anderson said he knew of not a single instance of objection to compensation rates laid down by the National Council on Compensation Insurance. He said he felt "very deeply" that if Congress passed the wrong type of legislation "there may be encroachment in the field of state regulation."

Unless Congress says insurance regulation belongs to the states, he thought "great injury" may be done to the business. He expressed fear that the government might interfere with the states under the Court decision. When Miller asked how, if the anti-trust laws did not apply, the federal government could interfere, Anderson replied: "What is to prevent the Securities & Exchange Commission interfering with the financial structure of a company if it wishes to do so?"

#### STOP GAP MEASURE

Replying briefly, Sumners said, "I believe everybody agrees that this matter requires further examination", but that the judiciary committee thought the short Walter bill would come near to putting back as nearly as possible the situation where it was "before this unfortunate Supreme Court decision was rendered—then to see if anything further could be done."

#### Fernandez Proposal Rejected

Rep. Fernandez attempted to modify the Anderson substitute by injecting a provision that the anti-trust laws should not apply to insurance, which, he said, would give the states and the companies incentive toward complete and better state regulation. The proposal was voted down, as was the Anderson substitute, by voice votes. So was an amendment by La Follette that the Walter bill should not affect pending litigation.

In this connection La Follette quoted the 11th amendment to the Constitution and also Judge Sumners' statement. "It is not a legislative process to quash an indictment," said La Follette. He expressed belief that Sumners thought the bill would affect pending litigation. "Surely we do not want to go on record as saying that we are in favor of granting special relief from prosecution to any defendants anywhere," said La Follette. It is not consistent with the law; it is not consistent with our American concepts; and it is certainly contrary to all good legislative practices. . . We should let the law take its course. . . It is not within the province of any legislative body to interfere with the orderly processes of the judiciary."

Hancock opposed the La Follette amendment by quoting section 29, title 1 of the code. He said the bill clearly refers to the future. He believed the law should take its course, "but does this Congress wish to make it more difficult for these honest men. . . ?"

The La Follette amendment was defeated, 34 to 137.

Rep. Wright then offered an amendment to strike out all the Walter bill

after the enacting clause and substitute a declaration that state regulation shall remain effective and lawful and that the bill should authorize no combinations to commit acts not required or authorized by state laws which affect or restrain interstate commerce, nor to restrict the purview of the anti-trust laws.

#### Suggestions of Jackson

Wright said the Walter bill goes too far and that he had attempted in his amendment to carry out suggestions in the Jackson partially-dissenting opinion. Voorhis said the amendment would accomplish "every legitimate purpose" of proponents of the Walter bill, but without violence to the basic conception of anti-monopoly laws. Hancock retorted that all the abuses complained of could have been taken care of under state regulation.

Wright insisted that "if insurance affects interstate commerce, it is within the federal province, so far as the abuses are concerned, to abolish such impediments, but I am sure we should leave the rate-making power in the hands of the states." His amendment was promptly rejected. Rep. Voorhis, Ohio, told of Ohio regulation, declared that insurance "is the bulwark of private enterprise"; that there never would have been such as the S.E.U.A. decision if Charles E. Hughes were chief justice; that Congress found the way to overcome the court decision; that the state should regulate rather than run to the federal government for help.

The original preamble to the Walker bill was stricken out by the House on recommendation of the judiciary committee. La Follette moved, but was defeated, to refer the bill back to committee "for further study." A rollcall was then had on passage of the bill, resulting 283 to 54.

#### Biddle and O'Mahoney Block Senate Approval

(CONTINUED FROM PAGE 1)

has anybody in the Department of Justice considered taking any action against any insurance company or group of insurance companies until the states have had an opportunity to consider to what extent they may wish to amend their laws or until the Congress has had a full opportunity of considering whether Congress wishes to amend the federal statute."

#### Boycotting and Price Fixing

Biddle indicated the S.E.U.A. case will not be tried "this summer." He pointed out it involves boycotting as well as price-fixing.

"I think it is pretty hard on insurance companies that after 75 years of not taking any action," he said, "they should now suddenly be declared criminal and, therefore, the department has not only determined to give every reasonable time for the state and companies and the federal government to take such action as they may deem appropriate."

After consideration, "after that period lapsed," Biddle continued, "we would consider bringing in bills in equity rather than criminal procedures, so the companies would have an opportunity of amending their practices, because it would be unfair to send a man to jail for something he considered legal."

"Would you consider that same thing to be true from the date of the decision until Congress could act," asked Ferguson.

"Certainly," replied Biddle.

"Because a man could not say from that day on what was the law," remarked Ferguson.

"That is right," agreed Biddle.

"I think that just about clarifies it," said Hatch. But Ferguson wanted to pursue the subject further, saying:

#### Agreement With Cahill

"It would not be your intent while this committee was holding hearings to use evidence that we may obtain that there was monopoly and violation?" Ferguson added that "some people" hesitate to appear before the committee to

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testify, for fear certain things may be regarded as anti-trust violations.

"What you seek is a constructive solution of a very obvious problem," O'Mahoney suggested.

"Yes," replied Biddle, who then told of agreement with Attorney Cahill for time extension in which to seek rehearing in the Supreme Court. Biddle added Cahill had also been told "we would not try the case until August and perhaps not even then, but as I say, that is a very special case, so I do not want anything I have said to indicate I was not going to try that case."

Hatch remarked that "there has been no attitude on the part of this committee to interfere in any way with your trials."

Biddle said he believed "the problem is grossly misunderstood by the public generally and even by the insurance companies," to which Hatch agreed, adding, "They just do not know what it is about. They say we are trying to destroy the insurance companies. I know you have no such idea about it, nor does anyone on this committee."

Biddle answered: "I have never heard anybody in the Department of Justice or the administration anywhere suggest federal control of insurance companies."

"Nor have you," interjected Ferguson. "Nor have I," agreed Biddle. "I do not at this time under present facts favor federal control of insurance companies. I think state control is far more appropriate."

"Do you think rate bureaus are an evil that should be curbed," asked Ferguson. "Is it your version at this time that it is a violation of the anti-trust law?"

### Control of Prices and Rates

Biddle thereupon expounded his "theory" that prices and rates can be controlled in two ways: first, by the law of supply and demand. However, he said, "in a field where monopoly seems to be desirable, in a certain limited field, or where limited competition seems to be desirable...the public is protected" by federal or state rate fixing. In such instances, Biddle continued, "the question of control then by ordinary means of competition is not involved."

"I believe, therefore, that wherever the state fixes rates...or approves rates in the insurance field that those rates do not come in conflict when so fixed with the anti-trust law, and we are then excluded."

"And if the state permits them to be fixed," Ferguson asked.

"No, I do not think that is true," said Biddle, continuing—"where the states permit rates to be fixed without exercising control the public remains unprotected."

"I wanted to get that," replied Ferguson.

Biddle went on to say that "the large number of state acts which simply permit rate bureaus to fix rates do very definitely come in conflict with the federal law. It seems to me that if the states wish to be free of the compulsion of the anti-trust law that they must take a responsibility of actually fixing the rates or approving the rates filed with them, because I cannot see otherwise how the public is protected."

Adding that 17 states do not deal with rates, Biddle said that "in a very large segment of this whole problem there is absolutely no regulation of any kind either by competition or by state control."

"I would be very glad to find," he continued, "if this subcommittee felt it would be advisable to examine the whole structure of rate control, or insurance rates, in order to determine what federal legislation might be best to conserve the state powers, and at the same time protect the general public because in certain sections of this country I do not feel the public is protected in the insurance field."

Biddle called attention to a portion of Justice Black's opinion in the S.E.U.A. case pointing out the decision "does not interfere with appropriate state regulations."

O'Mahoney stated he had been advised that Friday afternoon "a meeting in New

York of attorneys representing large insurance companies, particularly life insurance companies...came to the conclusion that nothing in the decision interfered with state regulations." O'Mahoney said that had been his contention, "that there has been no need of interfering, but there is a definite need in some fields supplementing state regulation legislation in order to protect the public interest."

Replying to question by Ferguson, O'Mahoney said where a state has taken positive action, "I think it removes it from the field of anti-trust violation."

### Violating a Federal Law

Ferguson, however, expressed the opinion that "where the rating bureau fixes the rate, I think you violate the anti-trust law; you can violate a federal law and be in compliance with state law."

Biddle assured the committee if it wished "to go into the field a little further," that "I would hold hands off while you are investigating the whole subject."

Characterizing Biddle's statement as "very important," Hatch said "these companies have gone ahead and operated under what they thought was the law. I do not think they should be prosecuted, myself, criminally."

"I do not mean that they have any criminal intent," said Ferguson.

"I would be very happy if the Department of Justice would hold hands off until Congress can explore the whole field and enact what we think proper legislation," said Hatch.

"It is proper coordination between branches of the government," Biddle agreed.

"We do not have any right as Congress to ask that," Ferguson conceded. "As I understand it, it is not asked that the insurance companies immediately change their practice?"

"No."

"Until after we can investigate it," said Ferguson.

### Two Things at One Time

"I think both things will probably be going on at the same time," said Biddle.

"You do not consider if they do not immediately change while we are conducting hearings that therefore we would have criminal prosecutions?"

"No. There is no thought of that."

Hatch said he had found nothing in Biddle's statement "that sustained the thought that the federal government was going out and institute a whole lot of unnecessary prosecutions of people who thought they were complying with the law. I think the attitude of the department has been very fine in this whole matter."

O'Mahoney said the SEC had never suggested to the TNEC that the government "intended to lay its heavy hand upon the treasuries of the insurance companies." He was, therefore, glad, he said, that Biddle "made the statement today that nobody in the Department ever suggested that."

"Of course, we have some history," remarked Ferguson doubtfully.

### Cites Jackson Opinion

Shortly before the Biddle hearing the subject of insurance regulation came up in the Senate. O'Mahoney stated "in words of one syllable that I was not in favor of doing away with state regulation of insurance," and cited a reference in the Jackson opinion to the TNEC investigation quoting O'Mahoney as opposed to such legislation.

O'Mahoney then read from the TNEC report and incorporated in the Congressional Record other portions of that report referring to life insurance. Any statements to the contrary were based upon "complete misunderstanding, if not misrepresentation," he charged.

### Vicious, Obnoxious, Monopolistic

Hatch told the Senate the insurance bill "has received more pressure, and there have been more efforts to force it through a committee of the Senate and through this body, than in the case of any bill which has come to my knowledge since I have been a member of the Senate." Hatch declared the bill "the

most ill-advised, the most improperly worded, and the most selfish measure which has come to my attention."

Hatch said it "is not the view of any member of the Senate to seek the creation of any federal bureau for the regular control of the business of insurance." Hatch said, however, "there are certain vicious and obnoxious and monopolistic practices which should be curbed, but, on the other hand, there are certain very necessary agreements which should be permitted for the welfare of the insurance business and of the country...We believe that the vices associated with the business should be curbed."

"The Senate committee will endeavor to frame a measure which will continue the regulation of insurance by the states but will not forfeit the right of Congress to prohibit vicious and evil practices on the part of any business, insurance or otherwise."

Ferguson said the judiciary committee meeting resulted in "a better understanding as to what may be done regarding this bill." He agreed that nobody there felt a federal bureau should be created to regulate insurance, adding "that would not be a good thing for the insurance business."

### New D. of C. Rating Law

But many states regard rating bureaus as essential, Ferguson pointed out. Recently Congress indicated rating bureaus are good, in passing the District of Columbia fire insurance bill. Agreement is necessary to fix insurance rates, Ferguson thought.

"However, there may be some vicious practices growing out of rating," he admitted, "which is believed, at least by some insurance companies, to be essential, that could not be permitted under federal law..."

Referring to state regulation, Ferguson declared, "I think many of the states have done a very poor job in regulating insurance. I think if nothing else comes of the hearings before our committee, we may awaken in the minds of some insurance commissioners and the people back home that they ought to spend more time and effort in making regulations which will eliminate any vicious practices from the business."

### Speedy Action Urged

Ferguson said rating bureaus can be "rightfully considered now, a violation of the anti-trust law." He declared as speedy action as possible should be had, yet as good a job as possible be done on the bill "so that when it reaches the floor it will have the mature judgment of all the members of the subcommittee and of the judiciary committee."

O'Mahoney said passage of the D. C. rating bill recently indicates that "Congress does not regard, and certainly I do not regard, the institution of a rating bureau as a monopolistic practice." Combinations may have beneficial purposes, he admitted, but it was his point that insurance combinations "should have a clearance from some authoritative spokesman of the public interest."

### Shift Hassard to Hartford

Home Life has transferred Edgar S. Hassard, general agent in Rochester, N. Y., to Hartford as general agent.

Before going to Rochester, Mr. Hassard was a home office agency field assistant. Home Life has for a number of years been developing many of its general agents through home office field assistants.

Home Life's agency in Hartford, opened in July, 1937, was under the direction of John P. O'Connell until his death in December, 1943.

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"PILOTS TO PROTECTION  
FOR OVER  
40 YEARS"

**PILOT LIFE INSURANCE CO.**  
GREENSBORO N. C.

EMRY C. GREEN, President



## THIS INDEPENDENCE DAY

We would honor the men who are carrying the torch of liberty through the blazing skies, on flaming water, in jungle fox holes, in the mountains and lowlands of the continent—young men—free men, born in a "Nation conceived in liberty and dedicated to the proposition that all men are created equal"—men risking the infinite sweetness of life that "for us, the living, our Nation under God shall have a new birth of freedom and that the government of the people, by the people and for the people shall not perish from the earth."

We would honor these men and in honoring them rededicate ourselves, our resources, our work to an early and successful culmination of the war that all men may know freedom from oppression.

**PEOPLES LIFE INSURANCE CO.**

"The Friendly Company"

FRANKFORT

INDIANA

*Golden Anniversary 1944*



**50th Year of Service  
in Peace and in War!**

\*The State Life Insurance Company has paid \$144,000,000 to Policyowners and Beneficiaries since organization September 5, 1894 . . . The Company also holds over \$59,000,000 in Assets for their benefit . . . A total of \$17,500,000 is invested in War Bonds and U. S. Government securities . . . Life Insurance and The State Life serve in Peace and in War.



**THE STATE LIFE  
INSURANCE COMPANY**  
Indianapolis, Indiana

MUTUAL LEGAL RESERVE FOUNDED 1894

## AN UNHEALTHY TREND

According to newspaper reports, some 42 per cent of discharged servicemen have expressed a disposition to let their government insurance lapse.

If true, this may portend a trend that should be "viewed with alarm," for it reveals an indifference toward life insurance values damaging to the best interests both of private companies and of the country's future security.

It is conceivable that life underwriters would do themselves and their nation a good turn by lending such influence as they can to the conservation of government policies now in force.

**LIFE Insurance Company OF VIRGINIA**

Home Office  
Richmond



Established  
1871



**A. J. (AUSTY) EDWARDS**  
Born January 11, 1892. Graduate Indianapolis High School. Worked 8 years Indiana National Bank. Served in the war to end wars and make the world safe for Democracy; in livestock commission business to 1923; sold bonds for 3 years; came with The National Underwriter Company in 1928. Knows his line of merchandise; known and liked by Life Insurance men in 2 states.

← This man covers this territory →

for The Diamond Life Bulletins. He is a good man in good territory. If you are now a subscriber to D. L. B., he will help you get the most use from your Service; if you aren't a subscriber—let him show you why you should be.



All of these gentlemen have been subscribers for from 5 to 25 years. Thank you, gentlemen.

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